

## Foreword

In the years immediately after World War II, just 12 percent of American women with children under six years of age were in the labor force. Over the next half-century, that share multiplied more than fivefold. At the same time, the labor-force participation of women with school-age children also soared, from just over one-quarter to slightly more than three-quarters.

The lion's share of those increases occurred during the past generation, but the trends have been evident for long enough that one might reasonably have expected the nation to have responded in significant ways to such a fundamental social transformation. As most other developed nations experienced comparable increases in the number of working mothers, they adopted a variety of public policies that enabled families to gain access to reliable child care. In the United States, however, the role of government at all levels with respect to child care has remained limited, fragmented, and underfunded for a number of reasons. Perhaps the most significant has been the long-standing and still politically potent ambivalence toward mothers in the workforce who have young children.

As a result of this passivity on the part of government, the market for child-care services in the United States leaves much to be desired, and the situation is much more difficult for low-income parents. Although child-care workers receive notoriously poor wages, the cost of care to very low-income parents averages almost one-quarter of their earnings. At a

time when “market-based solutions” have gained political currency in addressing problems confronting the nation’s health-care system, public education, and Social Security, its child-care system provides a sobering example of the consequences of minimal government involvement in the provision of a public good—something that benefits society at large as well as individuals.

Joan Lombardi presents an alternative vision for ensuring American families that their children will have access to high-quality, affordable child care. Formerly the director of the federal Child Care Bureau and deputy assistant secretary for policy and external affairs in the Administration for Children and Families in the U.S. Department of Health and Human Services during the Clinton administration, Lombardi examines effective local and state initiatives as well as the military child-care system. These models help to define policies that she believes would strengthen child care in the United States. In addition to describing new policies and programs, she pays close attention to formulating a political strategy for transforming the way we talk about child care in order to broaden support for a stronger public role.

Lombardi believes that one of the challenges facing those trying to elevate the importance of child care on the national agenda is to shift the perception of the issue as primarily one of parental responsibility to one of common concern as an educational priority. From World War II through the 1996 welfare reform act, child-care policy in the United States has been guided by the needs of adult workers. Child care first became part of the public agenda when the country needed women in the workforce to support domestic production after Pearl Harbor. The war’s conclusion, and the return of men to the workforce and their wives to their homes, caused child-care funding to disappear almost immediately. Significant new federal assistance did not become available again until the passage of the Family Support Act in the late 1980s. Then, once more, the primary concern was to assist adults—this time to encourage them to work rather than remain on welfare. The welfare reform act also provided funding for child-care services to enable welfare recipients and low-income families to work but did not include adequate provisions related to the quality of the child care.

The obvious relationship between child care and the education of preschoolers has been neglected in part because of institutional disconnections, along with political and ideological predilections. While child care is primarily administered by human-service agencies, paid

for primarily by parents, and provided by a range of institutions—including community-based organizations, churches, schools, and small, family-run programs—public schools are supervised by local boards under state oversight and financed mainly through local property taxes.

Lombardi argues that one catalyst for transforming child care into an educational issue may be recent neurobiological research that demonstrated the rapid pace of brain development in a child's early years. Because two out of three children under the age of six now spend at least part of their day in child care, the importance of making sure child-care providers are offering safe, clean, fully staffed services seems evident. Lombardi suggests that if child care came to be perceived as an educational priority and a family support, the public might not be as willing to accept the current market-based system. And while it is difficult to imagine the public school system rapidly subsuming child-care responsibilities, especially for children under four years of age, Lombardi believes that some features of the nation's public support for higher education may be adaptable to child care.

Over the years, as The Century Foundation supported work on inequality, poverty, and welfare, it became clear that the availability of adequate and affordable child care plays a critical role in finding solutions to these problems. The importance of child care to these issues was evident in such works as Blanche Bernstein's *Saving a Generation*, Robert Haveman's *Starting Even*, Richard Nathan's *Turning Promises into Performance*, and *Breaking Away: The Future of Cities*, a collection of essays edited by Julia Vitullo-Martin. Now the increasing information about the importance of early influences on children, particularly in terms of educational achievement, has created a strong interest in further exploration of this subject.

Many of our leaders have struggled for years to find ways of addressing the child-care difficulties that large numbers of their constituents confront. In this book, Joan Lombardi provides them with a road map for beginning the long-overdue process of reversing a history of neglectfulness.

Richard C. Leone, *President*  
The Century Foundation

## Preface

**M**ore than thirty years ago I stepped inside my first classroom and was greeted by a small group of wiggling three-year-olds. I knew right away, when I looked into their very young faces, that the time we spent together was important to their development. Those early experiences caring for young children grounded my conviction that child care is an educational opportunity. Yet it was not until I became a parent myself that I understood the emotions of the child-care issue. I remember how our young daughter would run to greet her father when he picked her up from child care. I remember beginning the search for part-time care for our eleven-month-old baby boy. Just thinking back to those days, recalling my worries and my joys, knowing that I was so much luckier than most, strengthened my resolve to help make child care a better place for all children and families.

It was from those two perspectives, as a provider and as a parent, that I moved on to the world of policy shaping and policy making. Along with many others, I spent hours and days, months and years writing reports, gathering statistics, listening to stories, rallying with fellow advocates, pursuing a common goal—real choices for parents in the care of their children. Along the way we increased resources and took some important policy steps forward. Unfortunately, the gaps are still very wide: between what we know and what we are able to do, between parents with resources and those on limited budgets, between rhetoric and real action.

By the mid-1990s, child care reached the national agenda, and I had the good fortune to represent the issue at the federal level. From that position I gained a deeper understanding of both the policy potential and the challenges. By the time my tenure in government came to a close, more and more people had come to see child care as an important work support. Yet many of us knew that child care as a work support was only half the picture: The real potential for child care is the enormous opportunity it provides to promote education and support families. Yet the United States still remains far behind other nations in recognizing the realities of the child-care issue.

This book has a straightforward message. In the twenty-first century we can no longer afford to ignore child care. Most children in the United States will spend time in non-parental care for part of the day on a regular basis during their childhood. Child care is a third setting—outside the time children spend with parents at home or with teachers at school—yet necessarily connected to both. It includes a continuum of care by family, friends, and neighbors; family child-care providers; and child-care centers. We need to redesign child care in the United States, taking advantage of the “opportunity time” children are in care to promote child and youth development, to reach out and support family life, and to help build the spirit of community. This calls for significant increases in public, private, and civic investment. To do less means abandoning the core values of equal opportunity and the importance of the family.

I started writing this book in 1999, a time when welfare-reform implementation was in full swing, the economy was booming, education reform was in the air, and an election was on the horizon. I worked on it when the election of the president remained undecided, when education moved to the top of the domestic agenda, when our world shook in terror and sadness on September 11, 2001, and when the debate over the reauthorization of child care and welfare began and a new interest in early education emerged. I completed my work before the final chapter was written in this Congress. Yet I remain sure that even if new resources are secured in this round, we still will have a very long road ahead. I have tried to look across the country and read the emerging signs that can provide a map for the journey we face.

Many people have contributed to this effort along the way. I am grateful to the parents and providers who have shared their stories with me and with others, helping to bring life to flat words and dry statis-

tics. Early in the process, the editorial assistance of Laura Colker and Amy Dombro and the research assistance of Mary Bogle and Amy Cubbage helped me get started and keep going. Debra Al-Salam provided excellent research support, helping to track down and recheck the hundreds of references used in this book, and Nancy Davidson provided critical editorial support to complete this book. I extend my sincere appreciation to those who provided input and advice, including Mark Greenberg, Dick Clifford, Anne Mitchell, Helen Blank, Yasmina Vinci, Linda Smith, the anonymous reviewer, and the many, many colleagues who commented on specific chapters or sections. I would like to thank Nancy Steele, who polished the finished manuscript, and Janet Greenwood for her support during the publication process. I am grateful to The Century Foundation for its resources and technical support throughout the project, and especially to Greg Anrig, Beverly Goldberg, and Eric Rhodes. I am particularly grateful to Peter Wissoker and the staff of Temple University Press for giving me the opportunity to make this book a reality. And finally, I thank my husband, Neville, and my children, Nisha and Michael, for believing in my work and supporting me every step of the way.

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## Reframing Child Care

Whether I was on a plane, attending an event in Washington, D.C., or visiting a welfare office, the stories were always the same, but always deeply personal. They came from fathers as well as mothers. They came from people who made minimum wage and people who worked at the highest rung on the corporate ladder. The words varied, but the message was usually the same: Can I talk to you about my child-care situation? Can you help me?

During the two years I served as the first director of the federal Child Care Bureau, I heard a range of questions and emotions about the care of children while their parents work. A father who called early one Monday morning could barely get the words out: “We just left the baby at the child-care center. How will I know she’s really safe?” When we held a national child-care conference in a downtown hotel, we set up a resource room for experts who were attending from across the country. Throughout the meeting hotel employees kept stopping by, saying, “What is this about? Can I get some information, too? Can I tell you what happened the other day? Last year? With my toddler? With my teen?”

While I was having breakfast before an out-of-town meeting, I spoke with a waitress, a single mom who told me that she just could not get by. Her mother used to “watch the kids” until “they got to be too much for her.” Then her sister took over, but now her sister wants to go back to work, too. Without a family member to help care for her children,

and unable to pay for child care, she said that she may have to go back on welfare.

The questions kept coming. A woman called from the Midwest: "Just how old does a child have to be before you can leave her home alone?" A father from New York talked to me on the train. He had read all the studies and wanted to know about accreditation of child-care centers: What did I think? Was that the answer? A grandmother from California wrote to ask where she could get financial support because she was spending about a third of her wages on child care for her two grandchildren. A friend of mine who had been home with her young daughter for thirteen months told me, "I've started to feel as if my brain is melting." The tension was affecting her marriage. She decided to go back to work part time, but she could not find good child care. She was angry.

By the time my own son turned twelve, he no longer wanted to go to his after-school program because there was not enough going on there to occupy him once he finished his homework. I kept thinking about what an opportunity all that valuable time provided, and I started to look at other programs. There were few choices for this age group; there were transportation issues, and then there would be the summer months. My husband and I were lucky that we had options. But it brought home to me once again, in a very personal way, how hard it is for working parents. Faced with these decisions, they feel very alone. Nothing seems to fit their reality. I wondered how long it would take to address this child-care crisis.

## **Acknowledging the Need**

The influx of women into the workforce was one of the most significant social changes of the twentieth century. The number of women in the workforce who have preschool children has increased by more than five times, from 12 percent just after World War II to 64 percent in 1999; at the same time, labor-force participation of women with school-age children increased from 27 percent to 78 percent (see Figure 1).<sup>1</sup> Over the past twenty-five years, women with children of all ages have been returning to work, with significant increases in the number of working mothers who have very young children.<sup>2</sup>

Tragically, this social movement in the United States, in contrast to that in most other developed countries, took place without a corresponding effort to revolutionize the child-care system. A deep ambiva-



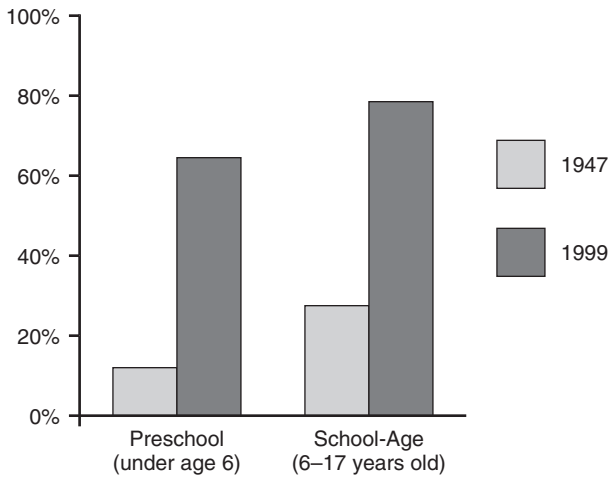


FIGURE 1. *Percentage of women in the labor force, by presence and age of youngest child: A comparison of the years 1947 and 1999.*

Included are women ages sixteen or older who work any number of hours for pay or profit, and those who work at least fifteen hours per week without pay for family enterprises.

Data for 1994 and later years are not directly comparable with data for 1993 and earlier years because of introduction of a major redesign in the Current Population Survey (household survey) questionnaire and collection methodology, and the introduction of 1990 census-based population controls, adjusted for estimated undercounts (Anne E. Polivka and Jennifer M. Rothgeb, *Monthly Labor Review*, September 1993, Vol. 116 [9], pp. 10–28).

Source: U.S. House of Representatives, Ways and Means Committee, “Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means,” 2000 *Green Book*, 106th Cong., 2nd sess., *WMCP*: 106–14 (Washington, D.C.: Government Printing Office, 2000), Section 9, Table 9.1, pp. 571–73. Figure by Debra Al-Salam.

lence characterized the entrance of women into the labor force, causing the country to close its eyes to the fact that more children, at increasingly younger ages, were spending many hours in settings outside their homes. Despite widespread concern that poor child care might harm children, the public seemed uninterested in doing anything about it. It was as if recognizing the problem and supporting working parents would create a giant magnet, drawing women into the workforce, disarming their maternal instincts, and leaving their children neglected. Rather than responding by helping families and by providing a healthy environment for children to develop, for most of the century the United States tried to avoid the issue, as if hoping the need for child care would go away. But it did not.

Over the years, public policy toward child care has reflected deep feelings about the role of mothers and work. In the early 1900s, the country responded to the needs of poor widows by establishing pensions to support mothers while they remained home with their children. This was the forerunner to Aid to Families with Dependent Children (AFDC), and later Temporary Assistance to Needy Families (TANF), commonly known as welfare. Throughout most of the century, child-care support was provided only when it was needed on a temporary basis, such as when women were called to work as part of a national emergency. However, the expectations were always the same: that women would return home and that the need for child care would disappear.

Yet by the late 1960s, more and more women were steadily moving into the workforce. The United States was finally poised to make a serious investment in child care, as other industrialized countries had done. Once again, however, cultural ambivalence about working mothers created an obstacle. In 1971, after years of public debate, President Richard M. Nixon vetoed the Comprehensive Child Development Act, warning that child care would lead to communal child-rearing. This single action set the child-care agenda back for decades: While other countries moved ahead, the United States stood still.

In the meantime, the number of women moving into the workforce continued to grow. Former Labor Secretary Robert Reich notes, “Starting in the 1970s, the loss of manufacturing jobs required many women to work in order to maintain family incomes that previously had been sustained by one male worker.”<sup>3</sup> At the same time, the lack of adequate child care and other factors contributed to an increase in the number of women on welfare. As working mothers with very young children became more commonplace, the expectation that the country would support poor women to stay home began to change. By the mid-1990s, a demand to “end welfare as we know it” led to the passage of the 1996 welfare-reform bill. Columnist Ellen Goodman called it “the end of a long cultural debate about motherhood as we knew it,”<sup>4</sup> since for the first time in modern history, the public expected mothers—at least very poor mothers—to work rather than to receive support to stay home. On the other hand, child care was finally beginning to be seen by some as an asset, an important work support for low-income families.

Outside the welfare context, however, poll after poll indicates that public ambivalence toward working mothers with young children continues.<sup>5</sup> Too often the child-care debate is reduced to the question:

Should mothers work or stay home? We have been forced to talk about work and family in black-and-white terms even though we know the situation is gray. Many women go in and out of the workforce. Sometimes they are home and other times they are working, depending on a number of life situations, including where they live, the ages of their children, the availability of care, and their family goals and needs at the time.

A second and related “either-or” question usually follows: Which has more impact on children, child care or family? As in the “stay at home or work” debate, many people are looking for black or white answers and find in the research whatever they want to see. Common sense tells us that in reality, both influences are important. Just as the quality of family life affects children, so does the place where they may spend twenty to thirty hours or more each week outside the home, especially when they are very young. In a study that asked children what they really think about working parents, Ellen Galinsky argues that it is time to move beyond the either-or debate.<sup>6</sup> The impact of work on children depends on how their parents feel about their work, whether it spills over into family life, what support is available along the way, and what happens at home when the parents are not working. Furthermore, much depends on the age of the child; yet the debate goes on as if children who are three months old will feel the same effects as children who are thirteen.

More recently, some have assumed that the answer to the child-care dilemma is for mothers to work from home. However, this is only a partial answer (and one often used to deny the realities of child care). As anyone with young children knows, there is only so much work one can sneak in during nap time. Beyond those hours, children need adult supervision and attention. And for many parents—especially for low-income parents—working at home is not an option.

Continuing the either-or debate sidesteps the realities facing most families and contributes to a sense of collective denial regarding the need for child care. A parent’s decision to work is not static, and it does not result in hard-and-fast, wrong or right answers. Indeed, child care cannot be reduced to either-or questions. In the twenty-first century, most children in the United States will be in child care at some time in their lives, probably starting at a young age. Many mothers will work full time, for economic and personal reasons. Their children will need child care. Other mothers and fathers will be able to work part time and

remain home for longer periods of time, depending on family needs and the flexibility of their employers. Yet they too will need child care, even if it is for fewer hours.

Finally, child care is not just an issue for working families. In 1999, about one-third of nonworking American mothers with children under age five used some type of non-parental care, on at least a part-time basis.<sup>7</sup> Moreover, while children may be in care for less time when they are young, this situation often changes; as they grow older and their mothers return to work, there is an increasing likelihood that children will need care in the afternoons and usually over the summer months.

Child care is here to stay. Some families may need less of it than others, but it is a service that will be used by most children in America. In a landmark study of the science of early childhood released in 2000, the National Research Council noted that it is in child care that “most children first learn to interact with other children on a regular basis, establish bonds with adults other than their parents, receive or fail to receive important inputs for early learning and language development, and experience their initial encounter with a school-like environment.”<sup>8</sup> Acknowledging the need for child care is a first step toward making change. The next step is to understand how and why the current system is failing.

## **Recognizing that Market Forces Alone Will Not Work**

While much of child care used to be provided free by family members, over the years it has increasingly become a paid service. According to The Urban Institute’s 1997 data from the National Survey of American Families, 48 percent of working families with children under age thirteen had child-care expenses. Working families with younger children used paid care more often, with 60 percent paying for care.<sup>9</sup> Even when families rely upon relatives, friends, and neighbors, these providers often are paid. Historically, paying for child care has been seen as a private burden, not a public responsibility. It was assumed that market forces would produce what consumers need at a price they could pay if they had the right information to make informed choices. However, the reliance on market forces alone has failed children, families, and the providers who serve them.

A review of child care, conducted by Deborah Vandell and Barbara Wolfe and published in 2000 by the U.S. Department of Health and Human Services, describes market failure as “a situation in which a market left on its own fails to allocate resources efficiently.” The report notes two causes of market failure in child care: parents’ lack of information, and what economists call “externalities,” which means that the benefits of quality care accrue not just to the parents and the child, but to society in general. If the benefits of a service are less apparent to the immediate consumer, there may be less demand for it.<sup>10</sup>

Even when families realize the benefits of good care, they often are not able to afford it. Vandell and Wolfe refer to child care as an “imperfect capital market” since “the parents of young children tend to have low incomes relative to their permanent incomes, and they may face borrowing constraints that reduce their ability to pay for high-quality care.” The market failure perpetuates itself because the demand for high-quality care is too low; therefore compensation remains low, and the more qualified staff seek other jobs. This results in declining quality “unless intervention occurs.” From this economic perspective, the clear evidence of market failure in quality child care indicates a need for public-sector intervention. Since the quality of child care affects school readiness and later school achievement, such intervention is justified as a means to ensure equal opportunity, particularly for low-income families.<sup>11</sup>

These economic forces in child care have been compared with a three-legged stool. The three legs—availability, affordability, and quality—are interrelated parts of the same system. Whether care is available depends on the supply of providers in a community, access to the care, and whether it is affordable. At the same time, whether families can afford child care depends on the cost of that care and the resources available to help families pay for it. In turn, the quality of care is highly dependent on the cost of providing the service and on what families are willing and able to pay.

### The Supply of Child Care Is Not Adequate

Children are cared for in different ways when parents work. Some families manage to care for their children themselves, either by working split shifts or by bringing children to work with them. Yet most families make some non-parental arrangements for their children while they work. Some children are cared for by relatives, others by non-relatives.

Non-relative care can take place in the child's home by caregivers often referred to as "nannies," in other people's homes, often called family child care, and in facilities called child-care centers.

Today there are more than four hundred thousand licensed and regulated child-care centers and homes across the country. This includes more than 113,000 regulated child-care centers and more than three hundred thousand regulated family child-care homes.<sup>12</sup> Since 1991 the number of centers has increased by 24 percent and the number of child-care homes by 19 percent.<sup>13</sup>

Although the supply of child care has increased over the past three decades, the lack of availability of care is still a serious issue, particularly for low-income families. Relatives and friends who can provide child care may be less readily accessible to families than often assumed. One study found that more than 60 percent of welfare families had no friend or relative, inside or outside their immediate household, who could provide child care. Their access to child-care was limited not only by cost but also by transportation issues and lack of adequate supply.<sup>14</sup>

Although access to care for preschoolers has improved, there is still a shortage of high-quality child care, particularly for infants, children with special needs, school-age children, and children whose families work evenings, nights, and weekends. A 1997 study documented gaps between the supply and demand of care for infants and school-age children.<sup>15</sup> Schools in low-income communities are far less likely to offer extended-day services.<sup>16</sup> Moreover, two out of five employed Americans work mostly during the evenings or nights, on rotating shifts, or on weekends. Among the top ten occupations projected by the Bureau of Labor Statistics to experience the most growth from 1996 to 2006, most are service occupations, which employ a large percentage of their workforce in nonstandard hours.<sup>17</sup> The marketplace has not responded to these areas of need.

### Good Care Often Is Not Affordable

Even when care is available, the question most families face is whether they can afford it. When young married couples start their new life together, they think about the expenses they will face when children come along. The cost of housing and food often top the list, and saving for a child's college education has become a top priority. Yet for more and more parents, the cost of child care takes a big bite out of family income.

The cost of raising children in the United States has risen in recent years, with a prime cause being the rising cost of child care. For example, child-care costs rose by 5 percent from 1998 to 1999.<sup>18</sup> Child-care costs already had increased by 44 percent between 1985 and 1995.<sup>19</sup> Families pay the lion's share of child-care costs, unlike many other services. Families contribute 60 percent of the total national expenditure for child care, with only 39 percent coming from the government and 1 percent from the private sector. Parent fees make up more than three-fourths of a child-care center's budget, while tuition covers only about one-third of a college's operating expenses.<sup>20</sup> The younger the child, the more expensive good child care can be. Yet parents with young children are most likely to be at the lowest point in their earning potential and often cannot afford good care, even when they know it matters and want their children to have the very best.

The cost of care varies by type of care, age of children, and geographic area. Generally, care for infants and toddlers costs more than care for preschoolers and older children. Furthermore, care in urban areas may be more expensive than care in rural communities. In 2000, child-care costs for a four-year-old ranged from \$4,000 to \$10,000 or more a year in urban child-care centers. For families in these areas, the average annual cost of child care exceeded the average annual tuition at a public college in almost every state.<sup>21</sup> The cost of care for a school-age child can be between \$700 and \$6,600 a year, depending on what costs must be assumed by the program and what in-kind resources are available.<sup>22</sup>

Low-income families often cannot afford even basic child care. According to 1995 Census Bureau data, working families paid an average of \$85 per week for child care. Relatively fewer poor families pay for care. However, poor families who paid for care spent five times more of their income on child care than non-poor families, a gap that has persisted since 1987.<sup>23</sup> In the 1997 National Survey of American Families, The Urban Institute found that among working families who pay for care, 27 percent of low-earning families, compared with only 1 percent of higher-earning families, spend more than one-fifth of their earnings on child care. Very low-income families pay on average almost one-quarter of their earnings for child care (see Figure 2).<sup>24</sup>

In testimony before the U.S. Senate Finance Committee in March 2002, a thirty-year-old single mother from Florida described the child-care dilemma she was facing:

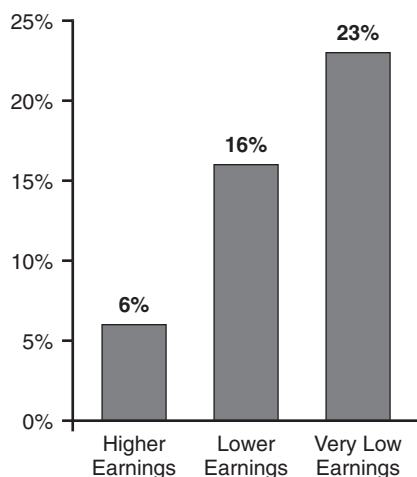


FIGURE 2. *Child-care expenses as a percentage of family earnings (among families who pay for care).*

“Higher Earnings” is more than 200 percent of poverty; “Lower Earnings” is less than 200 percent of poverty; and “Very Low Earnings” is less than the poverty level. Each percentage shown is the average of the percentage of earnings that each family in that group pays for care. This yields results different from the aggregate approach to computing percentages (aggregate expenses divided by aggregate earnings, or income across a group).

Source: Linda Giannarelli and James Barsimantov, “Child Care Expenses of America’s Families,” Occasional Paper No. 40, *Assessing the New Federalism* (Washington, D.C.: The Urban Institute, December 2000), pp. 7, 9, based on data from the 1997 National Survey of America’s Families.

I work very hard to provide a safe and stable environment for myself and my child while struggling to work and go to college. . . . Now I am confronted with a new obstacle. . . . My annual income is \$13,500 per year . . . my transitional child-care benefit ended . . . my income still places me well within Florida’s eligibility level for child-care assistance; . . . however, due to lack of funds in Florida this year, my daughter and I have been placed on a waiting list (along with over 46,000 other families in the state). . . . I cannot afford to pay full child-care fees so that I can work, as my weekly child-care expenses total over 42 percent of my weekly take-home pay.<sup>25</sup>

This story reflects the dilemma of thousands of other families across the country. In 1997, U.S. Treasury Secretary Robert Rubin remarked, “In many states, a single parent leaving welfare to enter the workforce, after you take into account losing government benefits and the cost of child care, will see his or her income increase by less than fifty cents for each additional dollar earned.”<sup>26</sup> Child-care expenses therefore may



cause many families to remain in poverty. One estimate indicates that when income is adjusted for child-care expenses, 1.9 million additional persons—of whom more than one million are children—are “thrown into poverty.”<sup>27</sup>

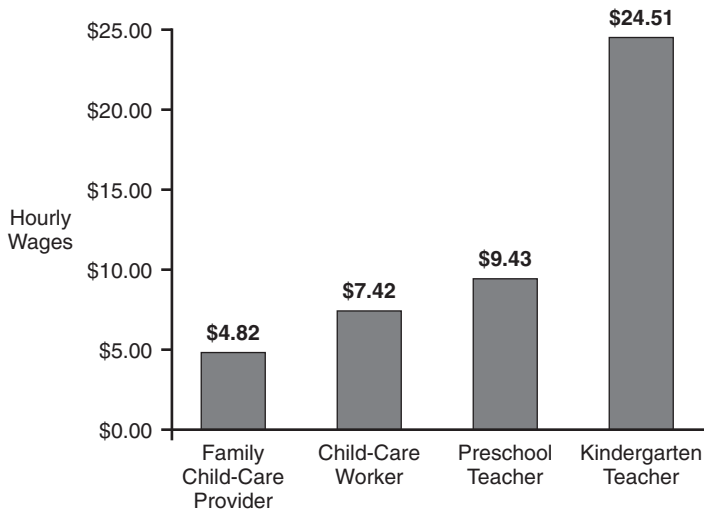
Moreover, child-care expenses remain an issue for families within a wide range of income levels—even families earning twice the minimum wage, with modest wages of \$20,000 to \$30,000 per year, face incredible challenges in paying for care, particularly if they have more than one child. For example, in California, the average cost of full-time care in a licensed center in 1999 for a child under two years of age was \$7,020—almost one-quarter of the annual gross income of a family earning \$30,000 a year, and 68 percent of a minimum-wage income. Similar costs were reported coast to coast, from Boston to Seattle.<sup>28</sup>

### The Quality of Care Is Strained by Low Wages

The cost of care is directly related to its quality, and the key to quality is the staff. Yet for decades child care has been “subsidized” by an underpaid workforce. Now that workforce is shrinking dramatically. Directors of child-care centers across the country find themselves hiring from a pool of applicants whom they would have considered unqualified only a few years ago. Far too many programs are experiencing record turnover, while still others have been forced to close their doors because of their inability to hire staff.<sup>29</sup> Parents are having trouble finding home providers in their neighborhoods. This is not surprising, when child-care providers commonly earn half of what kindergarten teachers earn, even when they have the same credentials.

In 1999 only fifteen occupations had median wages lower than child-care workers; even service-station attendants, messengers, and food servers earned higher wages than child-care workers, who earned on average \$7.42 an hour. Family child-care workers earned even less, about \$4.82 an hour, in a typical fifty-five-hour week. Child-care workers classified as preschool teachers earned \$9.43 an hour, but less than half a kindergarten teacher’s average salary of \$24.51 an hour (see Figure 3).<sup>30</sup> Low wages and limited health and retirement benefits have come to characterize child care throughout the United States.

Since compensation has not even kept up with inflation in many places, child-care providers are seeking other jobs. Low wages and poor job mobility serve to limit the number of people entering the child-care field. As communities struggle to find qualified teachers for public-



**FIGURE 3.** *Child-care workforce earnings in perspective: A comparison of mean hourly wages, by child-care job.*

The titles “child care workers” and “preschool teachers” are job titles defined by the Bureau of Labor Statistics.

The median weekly earnings for family child-care providers are \$265.00, based on the Bureau of Labor Statistics’ 2000 Current Population Survey (CPS). The hourly earnings of \$4.82 reflects a fifty-five-hour week, the typical work week for family child-care providers. Because the sample size of family child-care providers in the CPS is small, an increase from year to year may reflect a change in the sample and not an actual increase in earnings.

*Source:* Center for the Child Care Workforce, *Current Data on Child Care Salaries and Benefits in the United States*, Washington, D.C., March 2001, based on 1999 data from the U.S. Department of Labor, Bureau of Labor Statistics.

school classrooms, where salaries far exceed child-care compensation levels, the issue of recruiting and retaining child-care staff has become a crisis. In a full-employment economy, women have many other career options. Directors of child-care programs struggle to increase wages, but they fear the increases will drive up prices and make services even less affordable.

The educational background of child-care teaching staff and the arrangements of their work environment are essential determinants of the quality of the services children receive. The most important predictor of the quality of care, in the adult work environment, is staff wages. A series of studies over the past two decades documents the crisis in child-care staffing. One study in the late 1980s found that wages

were very low and that staff turnover had nearly tripled, from 15 percent in 1977 to 41 percent in 1988.<sup>31</sup> Six years later, a study of child care in four states reported that donations and “foregone earnings” accounted for more than one-fourth of the full cost of care. Higher-quality programs paid workers more than lower-quality programs, but even these still paid below market wages. Foregone earnings were even greater in programs serving infants. The study called for increased investments in child-care staff to assure a skilled and stable workforce.<sup>32</sup>

In 1998 another study found that child-care wages had remained stagnant over the past decade, and high turnover continued to threaten program quality. On average, the highest-paid teaching assistant in child care earned \$12,250. Real wages improved little during the decade, and even the most highly paid teachers made only modest gains.<sup>33</sup> The study also found that more child-care centers received public dollars in 1997 than in 1988, allowing them to assist low-income families with child-care costs. However, because this increased public funding was spent to help families pay for care, and rarely targeted to improve quality or increase compensation, it has not resulted in better wages or lower staff turnover. In fact, centers paying the lowest wages were receiving the greatest increases in public subsidies. Furthermore, child-care centers continued to experience very high turnover of teaching staff, threatening their ability to offer good, consistent services to children. More than one-quarter of the child-care teachers, and more than one-third of the assistants, had left their jobs in the previous year—at a time when the demand for their services had grown dramatically.<sup>34</sup>

More recently, in 2001, the first large-scale longitudinal study, based on observations of quality in the same child-care centers over a period of six years, found that the workforce teaching in child care is alarmingly unstable. Seventy-six percent of all teaching staff employed in centers in 1996, and 82 percent of those in 1994, were no longer on the job in 2000. Directors reported having to fill positions with staff who were less qualified than in previous years. Teaching staff reported that high turnover among their colleagues harmed their ability to do their jobs.<sup>35</sup>

### **A Strong Infrastructure is Needed to Support Quality**

Along with the need to improve compensation, investments are needed in such key elements of the child-care infrastructure as licensing and enforcement, consumer education, and professional preparation.

In a nation interested in consumer protections, there is not even a basic assurance of safety for all children in child care. Licensing has traditionally been a state and local function. Despite efforts during the 1970s, national standards have never been implemented, even for programs receiving federal money. As a result, there is wide variation in what state licensing of child care covers and how regulations are enforced. The purpose of child-care licensing is to protect the health, safety, and well-being of children receiving care away from their homes and families.<sup>36</sup> Although licensing is a basic element in structuring a high-quality system, it only serves as a floor.

State requirements for child care vary. For example, while some states regulate such key elements as group size or staff training, others have few, if any, such requirements. As of January 2002, more than half the states required no pre-service training for teachers in child care, and only a dozen states required pre-service training for family child-care providers. In fact, eleven states allowed directors who had no pre-service training to run child-care programs, even though they could be in charge of ensuring the well-being of dozens or hundreds of young children.<sup>37</sup> Some states do not even regulate basic safety issues such as background checks for staff. These minimum licensing requirements send the wrong message regarding the need for more qualified staff, and can have a chilling effect on efforts to improve the quality of child care.

Moreover, while recommended practice is to regulate all nonfamily providers who care for children outside the child's home, almost all states exempt some types of out-of-home providers from regulation. For example, some states exempt certain types of family child care, religious-based care, school-based care, or recreational care. Only two states regulate all of the provider types.<sup>38</sup> It has been estimated that between 82 and 90 percent of family child-care homes in the United States are unregulated, some legally and others illegally.<sup>39</sup> When using federal funds, states must apply some level of health and safety standards even for exempt care. However, more than 80 percent of the states rely on self-certification of health and safety standards for such exempt providers.<sup>40</sup>

Even when standards include all key elements and allow few exemptions, poor enforcement can undermine regulatory effort and threaten the health and safety of children. Proper enforcement requires not only sufficient numbers of competent, well-trained licensing staff who under-