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Access to Child Care for Low-Income Working Families

Executive Summary

Out of necessity or choice, mothers are working outside the home in greater numbe
In 1996, three out of four mothers with children between 6 and 17 were in the labor
one in four in 1965. Two-thirds of mothers with children under six now work. Relia
child care is critical to these mothers' productivity at work, as well as to their childr
intellectual development.

With the unemployment rate at 4.2 percent, a 30-year low, many employers are hav
the workers they need. Women are expected to make up over 60 percent of new ent
force between 1994 and 2005. Welfare reform makes it likely that the demand for q
be even greater in the future. Unfortunately, the cost of child care is often beyond tl
moderate-income working families, including those that have never been on welfar

The Child Care and Development Fund (CCDF) is the major source of Federal c
for low and moderate-income families. The program provides funding to states for
the parent's choice, whether in a family child care home, with a relative, or in a chil

This report provides new information on the number of children receiving subsidies
in fiscal year 1998 and on the number of children eligible for assistance, by state. N
average month in 1998, only 1.5 million of the 9.9 million low- and moderate-incor
for CCDF assistance actually received help through the program just 15 percent of e

The gap between eligibility and receipt of services would be greater if states had ch

eligible population to include all of the low- and moderate-income working families
eligible under Federal law. If all states set eligibility limits at the maximum levels a
Federal law 85 percent of state median income an estimated 14.7 million children w
eligible for subsidies in fiscal year 1998, of whom only 10 percent were served.

The percentage of children eligible under state limits who are served with CCDF fu
states. About one-fifth (9) of all States are serving less than 10 percent of the eligibl
fifths (31 states) are serving between 10 and 25 percent of eligible children, and one
serving 25 percent or more of the eligible population. Differences in state definition
population explain some of this variation, which is also caused by differences in fur
child care costs, reimbursement rates, co-payment policies, and the number of low-
income working parents in each state. If all states expanded eligibility to the federal
over half the states (27 states) would be serving less than 10 percent of eligible chil
remaining half (24 states) serving between 10 and 25 percent of eligible children.

The CCDF Program. The Child Care and Development Fund (CCDF) is a Federal-s
enables states to subsidize the child care expenses of low- and moderate-income far
Responsibility and Work Opportunity Reconciliation Act (PL 104-193) consolidate
care funding, thereby allowing states to serve families through a single integrated ch
States have tremendous flexibility to design policies and define eligibility guideline
provider payment rates, and family CO-payment amounts, in conformance with bro
specified under Federal law.

NOTE: The Child Care and Development Block Grant Act provides discretionary fu
assistance. Personal Responsibility and Work Opportunity Reconciliation Act conso
child care funding under the Social Security Act and applied the Child Care Develo
Act rules to these mandatory dollars. The term "CCDF program" refers to the comb
Care Development Block Grant discretionary funds and the Social Security Act mar
of which are subject to the provisions of the Child Care Development Block Grant A

Large numbers of children remain unserved despite the fact that states drew down a
mandatory CCDF funding in 1998 and transferred $636 million in Federal TANF do
programs.

In all, states in FY 1998 spent $3.5 billion in Federal mandatory and discretionary f
dollars transferred from TANF) and $1.6 billion of their own funds on child care as
CCDF. As a result of these investments, 250,000 more children were served througl
average month in 1998 as compared with 1997.

NOTE: Some states provide child care assistance through programs separate from C
source of consistent and reliable information on the number of children served throu
In most states, the bulk of child care subsidies are funded with CCDF dollars.

Affordability. Regular child care arrangements are often beyond the reach of workir
they do not have access to subsidies. In fact, child care expenses are often the secon
item in a low-income working family's household budget. In 1993, for example, ch
averaged 18 percent of family income, or $215 per month, for poor working familie
one or more preschool children. For families with income of less than $14,400 ($1,2
average share of income devoted to child care was even higher 25 percent, or one-fo
income.

Two recent studies suggest that increased funding for child care subsidies increases
and earnings for low and moderate-income parents, while other studies found that fa
lists for child care assistance cut back their work hours and are more likely to receiv
or go into debt (including declaring bankruptcy).

Quality. When families cannot get help in paying for child care, it is harder for them
that helps prepare their children for success in school. Although this report does not
information about child care quality, it does include a very brief summary of quality
references. As this summary indicates, new research on preschoolers finds that qual
programs make a difference in children's cognitive performance, language developm
adjustment, and overall child behavior, with differences found as many as four year
participation. Existing child care arrangements, however, vary in quality, and too m
exposed to poor conditions in care. Studies of investments in quality have found tha
initiatives, such as those undertaken in Florida and North Carolina, have resulted in
child care programs and enhanced child development.

Information Sources. The new information reported here comes from two sources. T
estimate of children receiving CCDF subsidies 1.5 million in 1998 is a preliminary e
state administrative data reported to HHS for the months of April September 1998. T
data reflect children served (at least in part) through CCDF programs, not those serv
state, or local programs.

The eligibility estimates were generated from the Urban Institute's TRIM3 microsim
based on three years' worth of Current Population Survey (CPS) data. The estimate
children eligible under state-set limits includes all children under age 13 (or older d
certain states) who are living in families where the family head (and spouse if prese
education and training programs and family income is below the states' income guid
under the CCDF October 1997 state plans.

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Access to Child Care for Low-Income Working Families

I. Introduction: Child Care and Development Fund under Federal and State L

The Child Care and Development Fund (CCDF) is a Federal-state program which e
subsidize the child care expenses of low- and moderate- income families so they can
education or training programs. The Personal Responsibility and Work Opportunity
(PL 104-193) consolidated most Federal child care funding, thereby allowing states
through a single, integrated child care system. States have tremendous flexibility to
define eligibility guidelines, service priorities, provider payment rates, and family C
amounts, in conformance with broad parameters specified under Federal law.

NOTE: The Child Care and Development Block Grant Act provides discretionary fu
assistance. Personal Responsibility and Work Opportunity Reconciliation Act conso
child care funding under the Social Security Act and applied the Child Care Develo
Act rules to these mandatory dollars. The term "CCDF program" refers to the comb
Care Development Block Grant discretionary funds and the Social Security Act man
of which are subject to the provisions of the Child Care Development Block Grant A

Child care assistance under CCDF is generally limited by Federal law to families w
age 13, although states may assist families with children up to age 19 who have spe
receiving protective services. In addition, both parents (or one parent in a single-pa
in a work-related activity and family income cannot exceed 85 percent of state med
Priority for services must be given to children in families with very low incomes an
special needs. Within those parameters, states may set their own income eligibility l
other priority rules.

A comparison of state eligibility guidelines shows that state income limits vary con
October 1997, state limits for a family of 3 ranged from less than $16,000 in Wyom
in Connecticut. As a result, in some states, families earning as little as $18,000 are n
help with child care costs costs that generally run between $3,000 and $10,000 annu
market rates. Only 9 states set the limit for a family of 3 at the maximum level of 85
allowed under Federal law.

Subsidized child care services are generally available to eligible families through ce
vouchers that allow families to purchase care from a provider of their choice. States
"reimbursement," rates that providers receive to serve children through CCDF. In ac
establish sliding fee scales, based on family income and family size, which are used
family's "CO-payment," or contribution to the cost of care. Under Federal law, state
aside a minimum of 4 percent of CCDF funds to improve the quality of child care a
parents. States must also have health and safety requirements that apply to all provi
subsidies.

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II. The Child Care Subsidy Gap: Estimates of Need and Services

To date, estimates of need for CCDF child care services have been limited by the la
models which incorporate the CCDF eligibility criteria, which, as explained above,
To correct this information gap, the Department of Health and Human Services con
Urban Institute to enhance the existing Transfer Income Model (TRIM3) to produce
potential need for child care subsidies on a national and state-by-state basis. Initial r
model are reported below, along with information on the number of children served
administrative data reported to HHS.

National Estimates. According to the Urban Institute model, there are 30.4 million c
working parents (regardless of income), of which 9.9 million are estimated to meet
income eligibility guidelines in place at the beginning of fiscal year 1998.

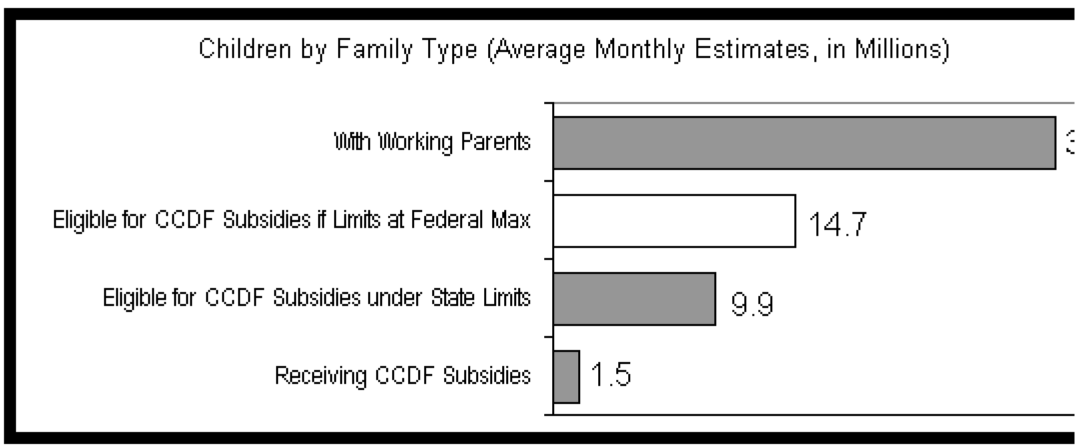
Only 1.5 million children actually received child care subsidies funded by CCDF in
1998. This estimate of children served, based on state administrative data from Apr
1998, suggests that only 15 percent of the eligible population were served, leaving a
child care need and services, as shown in Figure 1. NOTE: The 1.5 million figure is
subject to revision.

The gap would be even greater if states had chosen to define the eligible population
low- and moderate-income working families that are potentially eligible under Fede
states set eligibility limits at the maximum levels allowed under Federal law 85 perc

income an estimated 14.7 million children would have been eligible for subsidies in
in fiscal year 1998. Only 10 percent of this larger eligibility pool were actually serv

NOTE: Some states provide child care assistance through programs separate from C
source of information on the number of children served through such programs that
across states or verified. In most states, the bulk of child care subsidies are funded v

Figure 1. Child Care and Development Fund (CCDF) Eligibility and Receipt in



Note: The 1.5 million estimate is preliminary and subject to revision.
Sources: Urban Institute simulations and state administrative data reported to the Cl

The model also provides information on the characteristics of children eligible for c
Most children (8.8 of the 9.9 million) are under age 13 with working parents; the re
have parents in education/training programs or are disabled youth age 13 or older. A
eligible children live in families that report receiving welfare. A substantial proporti
income below the Federal poverty threshold.

<u>State Estimates.</u> State by state estimates of children eligible for and receiving CCDI
shown in Table 1. The total pool of children with working parents, regardless of inc
first column, followed by estimates of potential eligibility under the Federal maxim

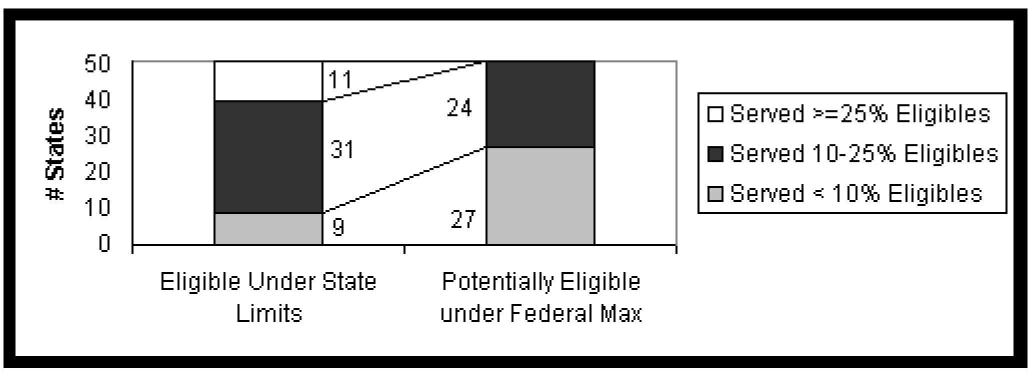
state median income (SMI) and actual eligibility under state income guidelines. The
columns shows the number of children receiving CCDF subsidies, and the number s
of potentially eligible, based on administrative data reported by the state to HHS.

In Pennsylvania, for example, there are 1.2 million children with working parents (r
income), of which 443,300 are estimated to meet the state's October 1997 income e
The eligible population would be larger 533,900 children if the state's income guide
from the current state-set level (74 percent of SMI) to the maximum allowable level
SMI. State administrative data indicate that 72,700 children received subsidies in an
the second half of fiscal year 1998 only 16 percent of the eligible population under s
percent of the potentially eligible population under the federal maximum.

Some states served a higher percentage of eligible children in 1998 than the 15 perc
Michigan, for example, served a monthly average of 92,060 children, or one-fourth
375,000 children who were eligible according to state income criteria and 17 percen
children potentially eligible under federal law. On the other hand, some states are se
15 percent national average. The 79,000 monthly average reported by Texas represe
the over 1 million children eligible under Texas income limits as of October 1997 a
million children potentially eligible if eligibility were expanded to the federal maxin

In general, one-fifth (9) of all states are serving 10 percent or less of the children wh
state limits, three-fifths (31 states) are serving between 10 and 25 percent of eligible
fifth (11 states) are serving 25 percent or more of the eligible children, as shown in t
Figure 2. Differences in state definitions of the eligible population explain some of t
is, states that define the eligible population as families with income below 85 percen
Income, the maximum limit under Federal law, may find it harder to serve 25 percen
children than states that use lower income eligibility criteria.

Figure 2. Number of States Serving 10 to 25 Percent of Eligible Population, by Definitions of Eligible Population



Source: Urban Institute simulations and state administrative data reported to Child C

Table 1. Estimates of Child Care and Development Fund (CCDF) Eligibility

Children (Average Monthly Estimates)

State	(1) Parents Working or in Education & Training (No income Limit)	(2) Eligible for CCDF (if state limits raised to federal maximum)	(3) Eligible for CCDF (under state rules in effect Oct. 1997)	(4) Recei CCDI Subsidi (April-S 1998)
Alabama	494,700	233,300	103,500	20
Alaska	99,400	46,700	43,800	5
Arizona	516,700	283,800	154,400	33
Arkansas	348,100	180,600	100,200	9
California	3,481,700	1,732,500	1,381,900	100
Colorado	486,600	226,300	139,100	20
Connecticut	397,900	187,700	103,300	11
Delaware	89,300	50,700	22,100	6
District of Columbia	51,100	31,500	31,500	3
Florida	1,434,200	705,300	421,900	46
Georgia	913,200	485,200	331,200	47
Hawaii	134,500	81,200	70,900	6
Idaho	139,000	68,200	40,200	6
Illinois	1,408,100	676,000	326,300	88
Indiana	713,000	299,800	197,200	12
Iowa	415,600	199,200	102,100	11
Kansas	348,400	172,800	126,500	10
Kentucky	427,100	170,200	90,800	25
Louisiana	450,800	219,700	219,700	35
Maine	128,800	60,900	60,900	
Maryland	610,000	259,900	91,300	21
Massachusetts	632,100	301,700	146,900	46
Michigan	1,136,900	545,100	374,600	92
Minnesota	637,500	297,400	251,600	25
Mississippi	364,600	185,500	160,000	7
Missouri	654,000	305,600	129,400	42
Montana	108,500	60,800	49,200	5
Nebraska	234,500	115,000	73,400	9
Nevada	193,900	97,000	84,000	4
New Hampshire	146,100	71,600	27,000	6
New Jersey	798,900	350,500	176,900	32

New Mexico	235,000	126,900	112,600	14
New York	1,733,000	880,900	631,600	158
North Carolina	819,600	411,400	343,100	74
North Dakota	91,000	37,700	34,700	4
Ohio	1,257,100	577,300	249,900	59
Oklahoma	374,500	191,100	178,800	39
Oregon	371,300	188,500	188,500	15
Pennsylvania	1,232,300	533,900	443,300	72
Rhode Island	105,900	42,500	24,100	6
South Carolina	466,400	231,000	115,200	21
South Dakota	98,800	46,200	26,900	3
Tennessee	671,000	346,000	183,600	54
Texas	2,309,600	1,161,700	1,013,400	78
Utah	271,000	130,400	52,800	12
Vermont	74,400	33,400	21,300	4
Virginia	685,200	348,100	216,300	23
Washington	667,100	310,500	167,100	41
West Virginia	117,400	52,700	28,200	12
Wisconsin	758,500	365,800	175,400	23
Wyoming	59,700	31,600	12,500	3
Puerto Rico, Terr.	---	---	---	7
Total	30,393,900	14,749,500	9,851,000	1,530

Notes: First four columns of estimates were generated from the Urban Institute's TI

(1) Children <13 (or disabled and below state age limit for disabled) with both pare education/training programs. No income limit.

(2) Children from (1), if family income below 85 percent of State Median Income, allowed under federal law.

(3) Children from (1), if family income below eligibility limits set by each state (ba effect as of October 1997).

(4) Estimated children receiving CCDF child care subsidies, April Sept 1998. State reported to Child Care Bureau and

adjusted to reflect CCDF subsidies only. Estimates are preliminary and subject

** Data not yet received. 10/15/99

For this reason, it is important to examine the number of children served as a propor would be eligible if all states used the income guidelines set in Federal law. Over ha states) are serving less than 10 percent of potentially eligible children under the Fed guidelines, as shown in the second bar in Figure 2. The remaining half (24 states) ar 10 and 25 percent of the potentially eligible population. Differences in the proportic are caused by differences in funding amounts, local child care costs, state reimburse payment policies, and the number of low- and moderate-income working parents in

Notes on National and State Estimates. The eligibility estimates were generated fro Institute's TRIM3 microsimulation model, based on Current Population Survey (CF the reliability of the estimates, the numbers in this report were based on three years income and labor force participation data for calendar years 1995, 1996, and 1997. I state income eligibility limits was based on the limits reported in the October 1997 s alternate eligibility under the Federal maximum of 85 percent of state median used t incomes for calendar year 1995 the latest year for which medians were available as submission of the CCDF plans.

Note that the model cannot capture all the complexities of the CCDF program. For e estimate does not include foster families that may be eligible for subsidies regardles Nor does it capture the potential effect of behavioral changes. If, as some studies in availability of child care subsidies enables more low-income parents to work, that w need for child care and the size of the gap beyond the estimates shown here. Anothe the CPS data from 1995-1997, although adjusted for inflation, may not fully capture demographic conditions of families in fiscal year 1998. Eligibility may be overestin rising real incomes or underestimated because of increases in female labor force pa in the welfare caseload and overall population increases. In addition, the state estim viewed with some caution, particularly those from small states, because of the smal drawn for the CPS interviews.

Finally, note that the numbers of children served in 1998 are monthly averages (pre to revision) based on administrative data for April-September 1998. These administ children served (at least in part) through CCDF programs, not, as noted above, thos Federal, state, or local programs.

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III. State Spending on CCDF in 1998

Recent data show that states are fully utilizing Federal resources and often invest m state spending levels, but the problem of unmet need remains critical.

The CCDF consists of three funding streams discretionary funds, mandatory dollars state match and mandatory funds that must be matched.

In 1998, states obligated all the available Federal mandatory child care funding, inc matching funds. States invested additional state dollars to serve 1.5 million children percent of those potentially eligible for the program.

Of the Federal mandatory amount, close to half required a state match at the Federa Percentage (FMAP) the state match varied from 23 percent to 50 percent (the maxir 50 percent match was required to contribute a dollar of state funds for every dollar c funds, while a state with a 23 percent match had to put up about one dollar of state f Federal dollars.

States not only contributed the matching funds needed to draw down their full Fede also spent their own funds at the required Maintenance of Effort (MOE) level in FY States invested at least $144 million beyond that MOE level state dollars that were some of these state-only funds were used to serve children through the CCDF, some used to provide child care assistance through other, state-only programs.

States also transferred $636 million in TANF funds to CCDF in 1998. By comparis $510 million TANF dollars to CCDF in the first two quarters of 1999 alone.

In all, in FY 1998 states spent $3.5 billion in Federal mandatory and discretionary f dollars transferred from TANF) and $1.6 billion of their own funds on child care th also spent $259 million in Federal funds on child care through the TANF program d

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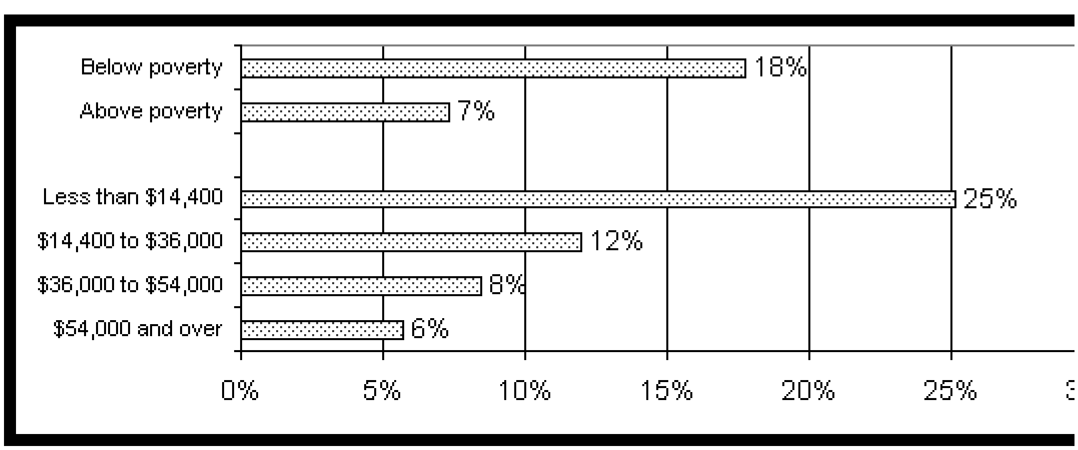
IV. Affordability of Child Care

Regular child care arrangements are often beyond the reach of working poor familie access to subsidies. Below are national survey data on how much families spend fo as new information, recently collected by Urban Institute researchers, on the price o selected states and cities.

The national survey data show that child care expenses are often the second or third low-income working family's household budget. In 1993, for example, child care e percent of family income, or $215 per month, for poor working families paying for preschool children (see Figure 3). This average includes all types of care full-time a price and partially subsidized, center-based and in-home, infant and preschool. Ave for non-poor families with employed mothers and preschoolers were higher in abso month but lower as a percentage of the household budget 7 percent. For families wi than $14,400, ($1,200 per month), the average share of income devoted to child car percent, or one-fourth of family income.

Figure 3. Percent of Family Income Spent on Child Care, by Poverty Status an



Source: Census Bureau, P70-52 (SIPP, fall 1993). Limited to families with preschoo

Prices for child care vary considerably, by such factors as geographic area, type of p child. Average prices for preschool center care, for example, range from $565 in Co New Orleans, Louisiana, according to a comparison of average prices in several stat summer 1999 (see Figure 4). Though not shown in the figure, center care for infants expensive (e.g., $719 in Connecticut and $506 in Salt Lake County, Utah) than cent preschoolers. Rates for family child care homes, on the other hand, tend to be lower Orleans, Louisiana and $353 in Delaware) than for center-based care this is true for preschool care.

Child care costs are more affordable for families who receive child care subsidies ar cost of care through "co-payments." Examples of co-payments in selected states and Figure 4, for a family with $15,000 in income and one pre-school child.

Figure 4. Child Care Prices and Co-Payments for a Hypothetical Family Earni one Preschool Child in Full Time Center Care

WITHOUT SUBSIDY WITH SUBSIDY

	Average Monthly Prices	% of Income	Monthly Co-Payments*
Connecticut	$565	45.2%	$50
Michigan	$487	39.0%	$12-$25
Delaware	$390	31.2%	$81
Florida	$325	26.0%	$70
Pittsburgh, Pennsylvania	$490	39.2%	$25
Salt Lake County, Utah	$392	31.4%	$10
New Orleans, Louisiana	$303	24.2%	$29

* State policy allows providers to charge parents additional amounts, above the co-p provider’s rates exceed the state reimbursement level.

Source: Data collected by the Urban Institute from state and local resource and refe summer 1999.

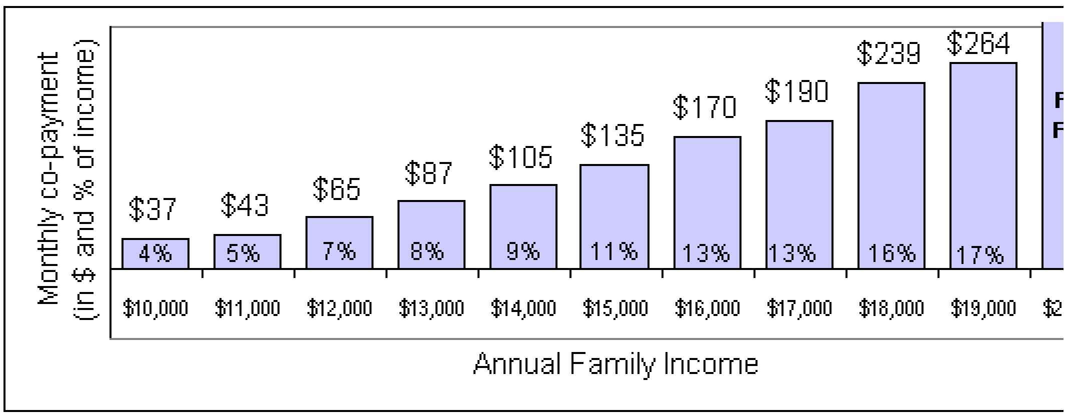
Co-payments are established according to sliding fee scales; the co-payments vary a family income, family size, and, in some states, cost of care. For example, a two-pe and child) with $10,000 in income and a CCDF subsidy for full-time center based c charged a co-payment of less than $37 per month (4 percent of income) in half the s co-payment increases from $37 for a family with $10,000 in income to full market r $20,000 in income, as shown in Figure 5.

Even families receiving child care subsidies, however, may still find it difficult to a

24 states, providers are allowed to charge parents additional amounts, above the co-provider's rates exceed the state reimbursement level. For example, if a State's max reimbursement rate is $300 per month for preschool care, and such care costs $380 family may have to pay the $80 difference, in addition to the official co-payment. T can deter even families receiving child care assistance from choosing higher quality more expensive.

Though not shown in Figure 5, there is substantial variation in co-payment fee sche A two-person family with $15,000 family income, for example, would be charged a than $50 per month in 7 states, $50 to $100 in 7 states, $100 to $150 in 15 states, $1 states, more than $200 but less than full market price for care in 1 state, and full ma states.

Figure 5. Median State Co-payment Charged to Single Parent with Preschool C based Care, by Family Income



Source: Congressional Research Service, from state plans on file with HHS as of A

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V. <u>Impact of Child Care Subsidies on Employment and Earnings</u>

Two recent studies suggest that enhanced funding for child care subsidies increases and earnings for low and moderate-income parents. A study of the relationship betw funding, employment and earnings in Miami-Dade County, Florida found that boos funding increases the probability that current and former welfare recipients will finc An increase of $145 in subsidy spending per child increased the likelihood of emplo 71 percent for current and former recipients with few barriers to employment. Acco augmenting child care subsidy funding increases not only employment rates but als current and former welfare recipients who are already working. The $145 increase i per child was associated with a 3.9 percent increase in earnings for those with few b employment and a 7.2 percent increase for current and former recipients with mode barriers to employment.

NOTE: These findings are for the period after the legislature established a separate subsidy funds for current and former welfare recipients.

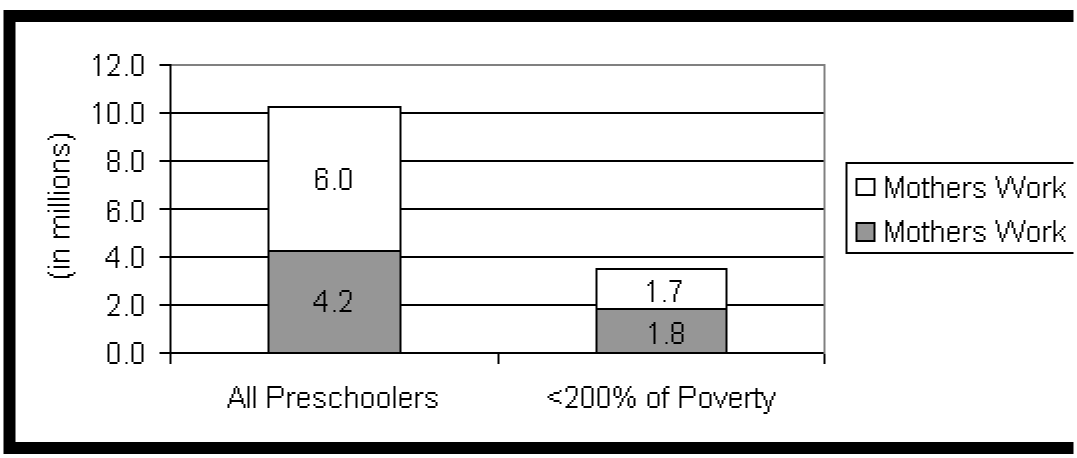
Similarly, a Massachusetts study found that greater investment in child care subsidi
employment rates for current and former TANF recipients.

Conversely, other studies of eligible families on waiting lists for child care subsidie
families often reduce their work hours or do not work at all, are more likely to recei
go into debt, lose their health insurance and declare bankruptcy.

A North Carolina study found that unemployed parents waiting for a child care subs
times as likely to use three or more types of public assistance as were employed par
A Texas research effort comparing families receiving subsidies to eligible families
found that employed families with subsidies earned $260 more per quarter than fam
subsidies. A study of families on the waiting list for child care subsidies in Santa Cl
that 29 percent were unable to work because they could not find affordable child ca
reduced their work hours, and two-thirds changed their child care arrangements whi
According to a Seattle study, 57 percent of wait-listed families used up savings to p
while 13 percent dropped their health insurance. Parents receiving subsidies, on the
much less likely to be late for or miss work completely due to breakdowns in child

Access for low-income working families is made more complicated by the likelihoo
will work non-day shifts, that is, evenings, weekends, or rotating shifts. While there
specifically addresses the question of whether it is easier for families to find after-h
have a subsidy, it seems likely that the challenge of finding care during non-day shi
parents are seeking care with extremely limited financial resources. There are 4.2 m
children with mothers who work non-day shifts -- this represents 4 out of 10 presch
employed mothers, as shown in Figure 6. The proportion of employed mothers work
is even higher 52 percent for preschoolers from families with income below 200 pe
Some mothers choose to work non-traditional hours, so that they can split child care
with the child's father. For mothers who cannot rely on care by the child's father, h
find child care during odd hours.

Figure 6. Preschoolers by Mother's Work Shift



Source: SIPP, fall 1994.

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VI. The Quality of Child Care

When families cannot get help in paying for child care, it is harder for them to find helps prepare their children for school success.

The overwhelming majority of children today are in child care before entering scho 13 million of the 21 million children under 6 were in child care. Only 14 percent of their first three years at home with their mothers.

Quality in each type of child care setting centers, family child care homes, etc. varie very good. As a result, too many children receive low-quality care. A 1994 HHS Ins Study, *Nationwide Review of Health and Safety Standards at Child Care Facilities*, 1,000 violations in 169 child care facilities in five states. Among the hazards were f toxic chemicals, playground hazards, and unsanitary conditions. According to other half of the infants and toddlers in child care centers are in rooms rated at less than m means that the care did not have basic sanitary conditions for diapering and feeding existed in the room; warm, supportive relationships with adults were missing; and tl contain books and toys important for physical and intellectual growth.

Findings from recent studies reinforce the results of earlier research children in high programs develop stronger language, reading and math skills and fewer behavior pr in mediocre or poor quality programs. The better the child care program, the more l enter school ready to learn.

The latest report from the Cost, Quality and Child Outcomes Study found that the q programs attended by preschool children had a lasting impact on their school perfor better programs had higher language and math test scores and fewer behavior probl grade than children attending weaker programs (the children have only been follow of second grade so far). Children at risk of not doing well in school (due to econom benefit more from high-quality child care, and are hurt more by low-quality care, th situated peers are.[4]

According to the ongoing NICHD Study of Early Care, children who attend child ca standards set by pediatricians or public health professionals score higher on school language tests and have fewer social problems than children in centers not meeting

Moreover, evidence suggests that interventions to improve child care quality can ma difference. Research on Florida's state-wide investment in quality -- lowering staff- increasing educational qualifications of staff found positive impacts on the cognitiv development of children in care.[6] Longer-term results suggest that enforcement of e important to maintain such gains. North Carolina's Smart Start initiative funds mult enhancements to child care programs and efforts to help families access child care. include improved training, curricula and equipment, and incentives for programs to Evaluation results indicate that more children are receiving care, the quality of care children have higher levels of skills at kindergarten entry.[7]

In addition to the recent research, hundreds of studies of demonstration and large-sc intervention programs (many of which are also child care programs) have generated evidence that quality child care programs have positive short and long-term effects and social adjustment.[8]

Due to the tremendous need for child care subsidies to help families pay for the cost
1998 were able to devote only 5 percent of their CCDF funds to quality improveme

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VII. Conclusion

While the child care picture varies from state to state, it is clear that there is a large
care assistance throughout the country. States are fully utilizing CCDF funding, the
Federal child care assistance for low and moderate-income families, and are using t
and state-only funds to address this problem. Despite these efforts, just 15 percent o
under state income limits and only 10 percent of those potentially eligible under fed
actually being served through CCDF. As a result, child care consumes a major porti
moderate-income families' budgets, parents are unable to work productively or take
and children's health and development suffer when parents must make do with mak

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1 Census Bureau, P70-52 (SIPP, Fall 1993).
2 Congressional Research Service, "Child Care Subsidies: Federal Grants and Tax I
Families," Table A-5, March 15, 1999. Co-payment estimates based on CCDF plans
August 14, 1998, assuming cost of care is at the CCDF payment rate for the state.
3 Census Bureau, "Who's Minding Our Preschoolers? Fall 1994 (Update) (PPL81)."
documentation for P70-62. Internet release: U.S. Bureau of the Census, 1998. Note
defined as a work schedule where at least one-half of the hours worked daily were b
p.m. All other schedules (i.e., those in which the majority of hours are worked outsi
and those with irregular or rating hours) are defined as non-day work shifts.
4 National Center for Early Development and Learning, "The Children of the Cost,
Outcomes Study Go to School," 1999.
5 "Child Care Outcomes When Center Classes Meet Recommended Standards for C
Journal of Public Health, 1999.
6 Howes, Smith, and Galinsky, *The Florida Child Care Quality Improvement Study*
1995.
7 Smart Start Evaluation Team, University of North Carolina, "The Effects of Smar
of Preschool Child Care," 1997; "The Effects of Smart Start Child Care on Kinderg
1998; "North Carolina's Smart Start Initiative," 1999.
8 Reynolds, Mann, Meidel, and Smokowski, "The State of Early Childhood Interve

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