

Ms. Foundation for Women

THE
NATIONAL
WOMEN'S
FUND

A Policy Briefing

Family Child Care Peer-to-Peer Exchange

December 10-12, 1998

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- 7 Family Child Care Welfare Reform and the Rise of Public Funding for 'Informal Care'
- 10 Defining High-Quality Family Child Care
- 14 Financing the Child Care System
- 17 Building a Base of Support for Social Change

By Peggy Haack

With special thanks to the John Merck Fund



Acknowledgements

The Ms. Foundation for Women would like to thank the author, Peggy Haack, of the Center for the Childcare Workforce (CCW) as well as Dan Bellm for his good work as CCW editor.

We would also like to acknowledge the staff and providers who participated in the exchange from Acre Family Day Care Corp. in Lowell, MA, the Center for the Childcare Workforce in Washington DC, Direct Action for Rights and Equality in Providence, RI and Women's Housing and Economic Development Corporation in New York, NY. We thank you for your great work, passion and thinking about this important issue. Denise Dowell from Childspace, Inc. joined us for part of one day and inspired us all in describing her work organizing a union of center-based and family day care providers in Philadelphia.

Special thanks to the John Merck Fund, whose generous support made this event possible.

Rockwell B. Blyden

Executive Summary

In December 1998, the Ms. Foundation for Women brought four grantee organizations together for a "peer-to-peer exchange" of our work, struggles, accomplishments and visions for a stronger, more vibrant U.S. family child care system for the 21st century: Acre Family Day Care Corporation (Lowell, MA), the Center for the Child Care Workforce (Washington, D.C.) Direct Action for Rights and Equality and the Daycare Justice Co-op (Providence, RI) and Women's Housing and Economic Development Corporation (New York, NY). The gathering served as an opportunity to identify issues, dilemmas and unanswered questions that can inform continued dialogue as we chart a policy agenda to sustain viable, high-quality family child care programs in communities across the country. Our recommendations fall under four distinct but interrelated headings; all are parts of a child care system that must be viewed as a whole. We invite family child care providers, family child care systems, networks and support agencies, policy makers, and funding organizations to join us in this dialogue.

FAMILY CHILD CARE, WELFARE REFORM AND THE RISE OF PUBLIC FUNDING FOR 'INFORMAL CARE'

- ▶ State policies under welfare reform, governing when and how child care subsidies are made to providers, must be evaluated and in many cases improved to meet the needs of providers and families receiving subsidy.
- ▶ All efforts to place women in transition from welfare to work in child care employment must include the supports needed to create good family child care jobs with a family-supporting income.
- ▶ State policy should not allow "community service" to include unpaid child care work, and when the federal legislation is re-authorized, this provision of the law should be eliminated.

- ▶ More research is needed on the characteristics and varied arrangements of the 'informal' child care system (i.e., care by relatives, neighbors and friends that is not subject to state regulation), and on its impact on the rest of the child care workforce, in order to inform public policy decisions.
- ▶ All parents should know about and have access to the full range of child care choices. Choosing unregulated care must be a truly well-informed choice, not a necessity forced upon parents who have few or no alternatives and a limited ability to pay.
- ▶ Every provider of child care should have information about, access to, and support for making the transition from 'informal care' to the regulated child care system.

DEFINING HIGH-QUALITY FAMILY CHILD CARE

- ▶ Providers themselves must be engaged in the definition of quality to account for personal and cultural values and the unique experiential backgrounds that all bring to their work. The provider's voice is critical as we consider "standards" (such as state regulations, accreditation standards, and model work standards), which currently serve as guidelines for defining program quality.
- ▶ If a state monitors programs receiving public subsidy, we must ensure that monitoring is equal and fair among *all* programs.
- ▶ Regulations must be supported by better research on group size, adult/child ratios, and provider qualifications. Documentation from providers on the impact of regulations on their businesses is critical.
- ▶ A greater public investment in child care is needed to ensure that the quality of care is not at odds with a provider's need to assure her own and her family's economic well-being.

- ▶ Education and training for family child care providers must be accessible, affordable and relevant to providers' needs, and it must break through cultural and language barriers.
- ▶ Continued support services by family child care networks and systems are critical to help providers stay in business, and in order not to spend training funds too heavily on providers who soon leave the field.
- ▶ Public funds for family child care accreditation must be equitably distributed with community input into decision making.
- ▶ If tiered reimbursement rates are offered as an incentive to meet high standards of quality child care, there must be universal access to the support services needed to achieve both a good learning environment for children and a good work environment for the provider.

FINANCING THE CHILD CARE SYSTEM

- ▶ The link must be broken between what child care costs and what families can afford to pay, by providing a public investment in child care that will assure a self-sufficiency income for all providers and access to quality child care for all families.
- ▶ Reimbursement rates should be set at the true cost of providing child care.
- ▶ Regular community-based market rate surveys must be conducted on the cost of care, as well as community-based surveys estimating self-sufficiency wages, for the purpose of providing a basis for setting fees for family child care.
- ▶ Because providers are offering a public service to the government when they enroll families eligible for child care subsidy, an efficient payment process that respects the provider's contribution must be a government responsibility.
- ▶ In deciding how and where to allocate *any* new child care dollars--tax credits and others--the impact on providers' incomes must be taken into consideration.
- ▶ Any promotion of tax credits for relieving the pressure of mounting child care costs for parents must be regarded as only a small piece of the answer to financing child care; it must be coupled with increased parent eligibility for subsidized care, and reimbursement rates to providers that are based on the full cost of offering quality services.
- ▶ Child care tax credits should be refundable, so that they are available even when they exceed the amount that a family has paid in taxes.

BUILDING A BASE OF SUPPORT FOR SOCIAL CHANGE

- ▶ The creation of family child care linkages (such as systems, networks, unions, work associations and co-ops) requires a level of funding that is able to build the base of support and power among providers.
- ▶ The current challenges faced by family child care networks, including language barriers and inadequate funds for transportation, must be addressed.
- ▶ Efforts to engage family child care providers in demanding what they deserve from public child care policy need to be strengthened, particularly among providers in marginalized communities.
- ▶ Strong grassroots provider-based organizations are needed, working collaboratively with other sectors of the child care workforce.
- ▶ Replication of successful efforts requires thoughtful planning to retain the integrity of the original program and protect it from being drained of its resources. Replication projects that involve the community in decision making are worthy of public support.

Introduction

Most children and youth in the U.S. who use child care are cared for in a home setting—either in a family child care provider's home with a small group of other children, or in the child's home by a relative, friend, neighbor, nanny or au pair. Center-based services, including child care centers, nursery schools, Head Start, and public school-based early childhood programs, represent only 30 percent of the child care used by working families with children under age five (Current Population Reports, 1998). Yet whenever child care is discussed as a public policy issue, most of the attention has traditionally been given to center-based programs.

Now, with recent sweeping changes in U.S. welfare policy, family child care and other home-based forms of care have been thrust dramatically into the public debate. Although some researchers have begun to focus on this segment of the child care system (Economics of Family Child Care Study, 1994; Kontos, Howes, Shinn & Galinsky, 1995), large gaps in our knowledge remain. There is currently no system to account for or study the number and variety of people providing child care in their homes. Family child care, the focus of this paper, may be either regulated (with the family child care program adhering to state-required standards) or unregulated (with the program legally exempt from state regulations or operating outside the legal system entirely). Family child care that is exempt from regulation is often referred to as "informal care." Even regulated family child care is very difficult to study and to draw nationally-valid conclusions about; in the absence of national child care policy, there are as many different ways of viewing and regulating family child care as there are states. State licensing, training, and health and safety requirements for family child care providers vary from minimal to substantial; a number of states even divide providers into two or more regulatory categories of their own.

In the child care profession as a whole, family child care is often viewed as inferior to or in competition with other child care services, rather than as an integral part of them. Family child care providers often feel invisible and unaccounted-for in policy discussions. But over the past two decades, family

child care has been carving a professional path for itself. Many providers have moved from offering care on a highly informal basis to having signed agreements or contracts with parents about financial arrangements and other child care matters. Providers are broadening the older view of their work as "babysitting" to create a new self-definition as early childhood educators and small-business operators. Proliferating numbers of family child care support groups and associations are breaking barriers of isolation. More and more providers are backing up their claims to professionalism by seeking training and educational opportunities, working with mentors, and even pursuing early childhood education credentials or program accreditation.

Yet the reality of most family child care providers' everyday work life remains precarious. According to the Economics of Family Child Care Study (1994), more than half of all providers earn incomes below the federally-established poverty level. This same study shows providers working an average of 55 hours per week with children, and up to 12 hours more per week shopping for groceries and other program supplies, cleaning, keeping records and planning activities. While providers work hard to meet the needs of other working families, many continue to worry about how well they can meet their own families' needs.

In December 1998, the Ms. Foundation for Women brought four grantee organizations together for a "peer-to-peer exchange" of their work, struggles, accomplishments, and visions of a stronger, more vibrant U.S. family child care system for the 21st century. While the four organizations — Acre Family Day Care Corporation (Lowell, Mass.), the Center for the Child Care Workforce (Washington, D.C.), Direct Action for Rights and Equality and the Daycare Justice Co-op (Providence, R.I.) and Women's Housing and Economic Development Corporation (New York, N.Y.) — are engaged in a diverse range of services and activities, they share much common ground:

- ▶ a focus on the family child care workforce itself, and on the impact of this work on the economic well-being of the provider, her family and her community;
- ▶ organizational philosophies and structures that aim to amplify providers' own voices and energies in the work of social change;

- ▶ a belief in the possibility of making change in social systems and creating a more just society, one that values and rewards the work of caring for young children and honors the diversity of the child care workforce.

The composition of "experts at the table" reflected a central part of the agencies' shared vision: that whenever child care policy is the topic of discussion, direct-service child care providers themselves must be present. The voices of family child care providers lend an authenticity and clarity to the discussion that no one else can offer. Providers know intimately the day-to-day realities and needs of children and families, and they know first-hand how policies and programs affect people's lives. Their expertise was critical in the development of this paper. The participants also found their discussion guided by some shared assumptions: 1) that family child care must be of high quality

in order to strengthen the social fabric of communities and support working families, including the provider's own; 2) that high-quality child care can happen in all kinds of settings, 3) that high-quality child care costs more than parents currently pay, or in most cases are able to pay; and 4) that high-quality child care is a social good that is worthy of public investment.

The purpose of this policy briefing is to identify issues, dilemmas and unanswered questions that have been posed for the family child care field by increasing demands for child care services. It is this work that will inform us as we begin to chart a policy agenda to sustain viable, high-quality family child care programs in communities across the country. We recognize that our contribution here is only the beginning of what must be an extended, inclusive dialogue in the family child care profession, and we welcome responses to the views expressed and questions asked here.

PARTICIPATING ORGANIZATIONS

Acre Family Day Care Corporation, Lowell, Mass.

Acre is a nonprofit family child care system founded in 1988. Acre began as a project of a neighborhood-based community development corporation focusing on housing and other barriers to employment. In identifying the need for child care as both a barrier to economic development and an opportunity for job creation, Acre has focused on family child care as a significant opportunity for community members to start a small business. Like WHEDCO, described below, Acre has created a family child care network providing a host of resources and training opportunities to its members.

Nancy Nunez, *Family Child Care Provider*
Anita Moeller, *Agency Representative*

Center for the Child Care Workforce (CCW), Washington, D.C.

The Center for the Child Care Workforce is a nonprofit resource, education and advocacy organization committed to improving child care quality by upgrading the compensation and work environment of child care teachers and family child care providers. With the goal of creating a unified and powerful voice for the child care workforce, CCW launched the Worthy Wage Campaign in 1991. The campaign is a grassroots initiative empowering the workforce itself to press for solutions to the child care staffing crisis.

Anissa Walid, *Family Child Care Provider*
Peggy Haack, *Family Child Care Provider and Agency Representative*

Direct Action for Rights and Equality (DARE) and the Daycare Justice Co-op, Providence, R.I.

DARE was founded in 1986 with the goal of building power in low-income communities of color. DARE provided a vehicle for providers to use direct action to win higher and more timely payments and health benefits from the state of Rhode Island. The Daycare Justice Co-op is a newly-formed organization run by providers, recently spun off from DARE, that has launched a collective bargaining process with the state for better pay and benefits.

Judy Victor, *Daycare Justice Co-op Representative & Family Child Care Provider*
Shannah Kurland, *Agency Representative*

Women's Housing and Economic Development Corporation (WHEDCO), New York, N.Y.

WHEDCO integrates a family child care network and a child care center into a wide variety of services for low-income women, including employment, housing, health care, transportation and counseling. WHEDCO's facility includes 132 units of permanent housing, a constellation of services and businesses employing women, and a primary health care facility.

Doreen Lane, *Family Child Care Provider*
Diana Perez and Rachel Miller, *Agency Representatives*

Others in attendance:

Denise Dowell, *United Child Care Union and Childspace Replication Project, Philadelphia, Pa.*
Susan Wefald, Mirangela Buggs and Anna Wadia, *Ms. Foundation for Women*

Family Child Care, Welfare Reform and the Rise of Public Funding for 'Informal Care'

As the momentum to reform welfare policies has grown, child care has taken on a whole new meaning: it has come to be viewed by policy makers as a critical factor in moving people from welfare to work. How can we respond to such an explosion in the demand for child care services? For family child care, the challenge is great. Even before the advent of welfare reform, a national study showed: providers were already being economically exploited, with more than half earning poverty-level wages; over one-third of family child care was judged to be "inadequate" in quality, and less than 10 percent was considered "good quality"; and most states already had waiting lists for families who were income-eligible for child care assistance but could find no available services (Economics of Child Care Study, 1994; Kontos et al., 1995).

Had the nation used this opportunity to undertake reform in the child care system as well as in the welfare system, the picture might look very different today. But in the rush to implement new welfare policies, many states have overlooked the importance of ensuring sound child care policies as well. While the effects of welfare reform on the child care system have not yet been clearly documented, anecdotal reports indicate that serious problems abound. Providers struggle with bureaucracies ill-equipped to meet their needs: payments arrive late or not at all; families lose their eligibility without notification to the provider; forms, rules and procedures for payment have become more confusing. Families fall through cracks in the system and children who are eligible for child care subsidy are neither accounted for nor appearing on waiting lists. Parents, even if they are working, in compliance with the new welfare rules, sometimes piece child care together as best they can in the absence of help, which can mean jeopardizing their children's safety. Others are neither employed

nor receiving welfare, but where they are and how they are surviving is unknown to us.

The passage of the federal welfare reform law, the Personal Responsibility and Work Opportunities Act of 1996, has had other serious impacts on the child care workforce. To meet the increased need for child care services, policy makers sought an inexpensive and easy solution to building the child care supply and creating sustainable employment opportunities: expanding the child care workforce with former welfare recipients. They did so without the understanding that child care is demanding, skilled and challenging work, and without assessing the impact of this policy on the established child care workforce. State initiatives to train people for child care employment are a "solution" that is neither inexpensive nor easy, and its impact on children, families and child care providers needs to be carefully documented.

Even more alarming -- under a special provision in the law allowing welfare recipients who cannot find work to continue receiving benefits by providing "community service" — states can make providing *unpaid* child care one of these community service options. Some but not all states have chosen to do so. We have no doubt that many former welfare recipients could make wonderful child care providers, but to do so they need training in child development, support to equip their homes, and most important, a *desire* to work with groups of young children. They will also need to earn a living wage; if they do not, they will simply join the roughly 40% of caregivers in the U.S. who leave their jobs each year, mostly because they cannot survive on their meager earnings. This ill-conceived policy is likely to lead to more instability in the child care workforce, rather than less, causing even further detriment to healthy child development.

Child care by relatives, neighbors and friends — whether they are engaged in a training program, operating as legally exempt from state regulations, or providing unpaid community service — has emerged as a major public policy issue, particularly because a large amount of welfare-related child care funding is now going to this type of care. Referred to as "informal child care," care by "kith and kin," or simply as "babysitting," such care has presented a number of dilemmas that will take extended dialogue within and beyond the child care community in order to be resolved:

Should public subsidies be extended to care that is exempt from regulatory standards? A major dilemma is that there are unintended consequences of growing this segment of the child care industry—in particular, through unfair competition with the currently regulated system of family child care providers. As child care subsidies for families on welfare are reduced or cut off in many states, family child care providers are forced either to accept reduced payments or send these families elsewhere, most likely to unregulated care where the provider is not even covered by liability insurance to protect herself. Providers are torn between the desire to do the best for the families they serve, and the need to make a decent livelihood themselves. Further, in many states, parents in welfare-to-work programs now have to pay a percentage of their child care costs, which all but forces many to switch to cheaper, unregulated care. As a result, there are already numerous reports of regulated family child care programs struggling to remain open or being forced to close, making the widely proclaimed policy goal of 'parent choice' much less of a real choice.

Should care by relatives, neighbors and friends in fact be regulated, and if so, how? What kinds of training and supports should and can be offered? Driving this decision should be the determination to guarantee every child a safe early childhood experience, but regulation may also conflict with the rights of parents to choose the care they want. Historically, low-income families and families of color have relied more heavily on child care by relatives, neighbors and friends, but it remains uncertain how much this choice is based on economic necessity, and how much it is rooted in cultural values. If high-quality, culturally sensitive, safe and stimulating *regulated* child care were affordable and accessible, would more families

choose it? The agencies represented at this peer-to-peer exchange are committed to efforts to improve compensation, quality and professional standards. We face the dilemma of knowing that whether or not we provide support to this segment of the workforce, it will still continue, and that perhaps it could become much better with more support and training. Yet the amount of resources available to us is insufficient to meet the needs of both regulated and unregulated providers.

Who are the members of the "informal" child care workforce? Very little study has been undertaken, unfortunately, of their professional intentions, the nature of their child care arrangements, and to what extent they are providing a safe, nurturing environment for children. One small study of a culturally diverse group of "informal care" providers in New York City gives a human face to this population, and explodes some common misconceptions (Neighborhood Child Care, 1998). The study indicates that women providing such care in their neighborhoods "have a special place in the community...their child care is a fundamental part of the social, economic and cultural fabric of low-income communities." These women typically care for two or three children, are motivated by a desire to help, care deeply about the children they serve, and offer services that are not widely available in the city, including non-traditional hours, after-kindergarten care, and care for very young children. While most lack formal education, they do not lack experience with children; they speak the language and "walk in the shoes" of the families they serve; and they often seek out information to help them in their work and respond affirmatively to offers of support. While we cannot necessarily generalize from this small sample, we also cannot ignore its importance to building our understanding of "informal child care" and generating sound public policy.

Recommendations

- State policies under welfare reform, governing when and how child care subsidies are made to providers, must be evaluated and in many cases improved to meet the needs of providers and families receiving subsidy. For example, state programs may need to be reshaped to create such services as transportation to and from child care, incentives to offer child care during

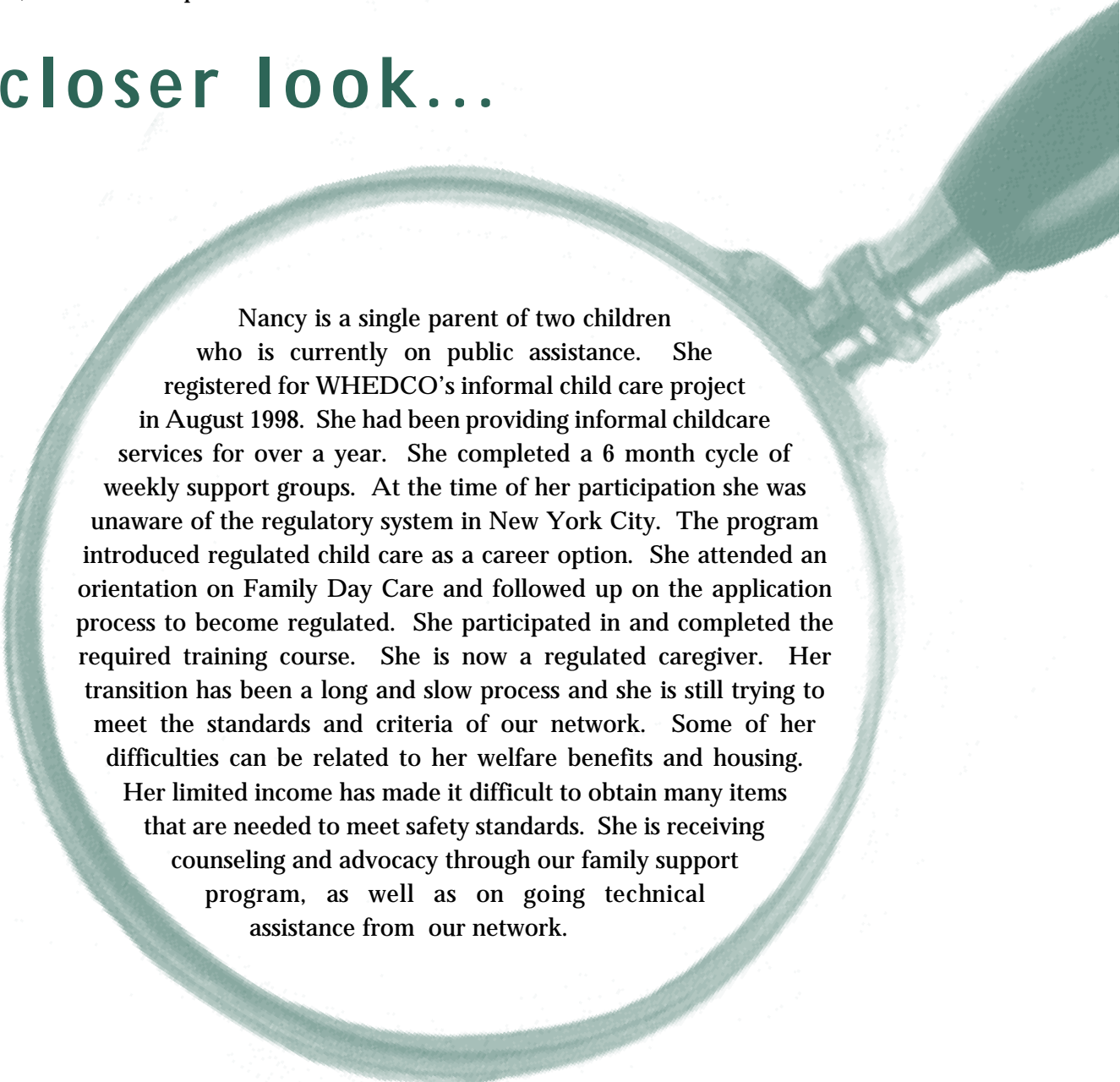
non-traditional hours, and systems that assure timely payments to providers.

- ▶ All efforts to place women in transition from welfare to work in child care employment must include the supports needed to create good family child care jobs with a family-supporting income. State policy should not allow "community service" to include unpaid child care work, and when the federal legislation is re-authorized, this provision of the law should be eliminated.
- ▶ More research is needed on the characteristics and varied arrangements of the "informal" child care system (i.e., care by relatives, neighbors and friends) and on its impact on the rest of the child

care workforce, in order to inform public policy decisions.

- ▶ While we affirm the value of parental choice in child care arrangements, all parents should know about and have access to the full range of choices. Choosing unregulated care must be a true, well-informed choice, not a necessity forced upon parents who have few or no other alternatives and a limited ability to pay.
- ▶ Every provider of child care should have information about, access to, and support for making the transition from "informal care" to the regulated child care system.

A closer look...



Nancy is a single parent of two children who is currently on public assistance. She registered for WHEDCO's informal child care project in August 1998. She had been providing informal childcare services for over a year. She completed a 6 month cycle of weekly support groups. At the time of her participation she was unaware of the regulatory system in New York City. The program introduced regulated child care as a career option. She attended an orientation on Family Day Care and followed up on the application process to become regulated. She participated in and completed the required training course. She is now a regulated caregiver. Her transition has been a long and slow process and she is still trying to meet the standards and criteria of our network. Some of her difficulties can be related to her welfare benefits and housing. Her limited income has made it difficult to obtain many items that are needed to meet safety standards. She is receiving counseling and advocacy through our family support program, as well as on going technical assistance from our network.

Defining High-Quality Family Child Care

In discussing "quality" in family child care, we found the definition elusive, recognizing that every person has her or his own definition of quality that includes factors that can never be completely accounted for in any specific set of child care standards. These factors include:

- ▶ Personal and cultural values, and what we expect from the caregiving relationship. Many parents define quality by posing the questions: Who do I know and trust? Who shares my culture and my language? Do the provider and I share similar values about what we consider most important?
- ▶ One's own child rearing and family experiences which create a point of reference for the person defining quality.
- ▶ Experiences as consumers or providers of child care. We found, in fact, that our own ideas about quality have changed over time in response to our own experiences.

It follows that any agency working with family child care providers has the responsibility of engaging them in the definition of quality. This could happen in a variety of ways. Providers can decide on what the shared (baseline) quality issues will be for their system or network and agree to abide by them, signing a kind of "contract for quality." Providers can meet to conduct "peer reviews" whenever issues of quality arise regarding a particular family child care program. Mentoring--which pairs an experienced provider with a novice provider in a learning experience—is yet another way to broaden one's perspective in defining quality.

While we agreed that defined standards will never encompass all of a community's values about quality, we also agreed that we cannot operate in the absence of standards. It would be difficult to advocate for better child care without their guidance. Three types

of standards should be considered in defining child care quality: *state regulations*, *accreditation standards*, and *model work standards*.

REGULATIONS

In a recent Working Paper by the Foundation for Child Development (Gazan, 1998), licensing is defined as "government regulation of a private enterprise that involves public interests." In the author's view, child care regulations are "a floor of protection for consumers...Regulations guarantee equal protection under the law regardless of race, religion, ethnicity or geographic location." But this definition also raises a number of policy questions: Doesn't the existence of licensing standards confirm that child care is in fact a 'public good' deserving of public support? Does drawing a baseline of protection exclude some people, and if so, whom, and why? How can racism and other forms of bias be countered when it is evident within regulatory agencies? If regulations are to guarantee equal protection, why aren't there national guidelines? Does the fact that regulations vary so much from state to state indicate that they are not in fact driven by a definition of quality, but by other economic interests and expediency needs of individual states?

Child care regulations affect three major areas deserving of public attention: health and safety, adult/child ratios and group size, and the education and training of providers.

HEALTH & SAFETY

Does the state have the right to monitor relatives, neighbors and friends for health and safety? Should the standards be the same for all individuals providing child care: those who are formally regulated, and those who are not?

Recommendation

- ▶ If a state monitors programs receiving public subsidy, we must ensure that monitoring is equal and fair among all programs. If the monitoring strategy is unannounced visits, for example, these visits should occur for all providers, not just those who serve poor families.

ADULT/CHILD RATIOS AND GROUP SIZE

What is the optimal number of children in care for a person to guarantee a responsive and attentive relationship, as well as to ensure safety? Should the qualifications of the provider have an impact on determining this number? In reality, the decision of how many children to care for is often driven by a provider's need to support herself and her family financially, rather than by how many children one can offer a quality caring experience.

Recommendations

- ▶ Regulations must be supported by better research on group size, adult/child ratios, and provider qualifications. Current policy is focused on increasing capacity to meet rising demands for child care, but with little knowledge of the impact on the provider's business or on her employees if she moves from small-group to large-group family child care
- ▶ A greater public investment in child care is needed to ensure that the quality of care is not at odds with a provider's need to assure her own and her family's economic well-being.

EDUCATION AND TRAINING OF PROVIDERS

Our discussion noted that the use of "formal education" in an institution of higher learning as the acceptable standard for quality excludes many providers, especially those who have encountered racism, bigotry and financial barriers in educational institutions. Formal education has also not done an adequate job of giving credit for providers' own life experience and knowledge of child development, and how they implement these in their day-to-day practice. Most significantly, formal education has not

proven to be accessible and affordable to the vast majority of providers. Questions for continued dialogue include the following: How significant are literacy issues for the family child care provider? What is the role of the "disposition" of the provider (e.g., warmth, fondness for children, patience) in preparing for this work, and how is disposition measured? Who will monitor the quality of education that is offered to family child care providers, and how responsive is it to providers' needs?

Our own experiences with providers point to the value of informal training in supportive environments and the acknowledgment of experiential learning. Providers must be asked about what types of training they want, and their responses must guide an agency's training plan. We know that providers frequently want training in their native language, ESL (English as a Second Language) and literacy training, help in planning appropriate activities for children, computer training, business training, training in tax preparation, mentors or models, and help in group problem solving. We also know from experience that continued support and resources after training is completed enhances the retention of providers, particularly low-income providers and those who are former welfare recipients.

Recommendations

- ▶ Education and training for family child care providers must be accessible, affordable and relevant to providers' needs, and it must break through cultural and language barriers.
- ▶ Continued supports, such as those provided by family child care networks and systems, are critical to help providers stay in the business. Without this support, investments in training and education may be wasted; education alone cannot retain the workforce.

ACCREDITATION STANDARDS

Unlike state regulations, which are mandatory for non-exempt providers, accreditation is a voluntary process of striving to meet standards that go beyond a "floor of protection." Accreditation standards focus primarily on the learning needs of the children and the ability of the provider to plan a program that enhances child development. The standards for

national family child care accreditation were developed with feedback from providers all over the country.

Several policy issues emerge with regard to family child care accreditation, however: If we promote accreditation as the way to achieve a high-quality child care system, when and how do providers access support services to become accredited? Resources for accreditation, where any exist, are currently directed largely to family child care programs with the most resources rather than those with the least. While this approach may appear to give funding sources (including public funds for child care quality improvement) the most "bang for the buck," it may in fact be promoting a two-tiered system of child care: one for those that can afford to undergo the accreditation process, and another for those who can't. What are the incentives that would make it possible for *any* provider to become accredited, given that a high-quality program costs more to operate, and how do we provide equal access to accredited programs for all families?

In using accreditation standards to evaluate family child care, the standards must represent diverse definitions of quality. For example, when considering the standard that "the provider greets children and parents warmly every day," there must be an understanding that this practice can look very different in different family child care homes. Standards that assess activities offered to children must allow for the value that some groups and cultures place on getting a head start for school through academic preparation, as opposed to a more play-based curriculum.

► Recommendations

- Public funds for family child care accreditation must be equitably distributed with community input into decision making.
- Reimbursement rates must be raised to reflect the cost of quality, beginning with a raise in the base rate. Our support for tiered reimbursement rates based on a provider's ability to demonstrate that she meets high-quality indicators (such as accreditation standards) is tempered by the fact that many providers have limited access to accreditation due to financial, language and other

barriers. Public policy supporting tiered reimbursement rates must address such barriers.

- An array of providers — accredited providers, those in the process of becoming accredited, and those who would like to become accredited must be involved in the ongoing evaluation of accreditation standards.

MODEL WORK STANDARDS

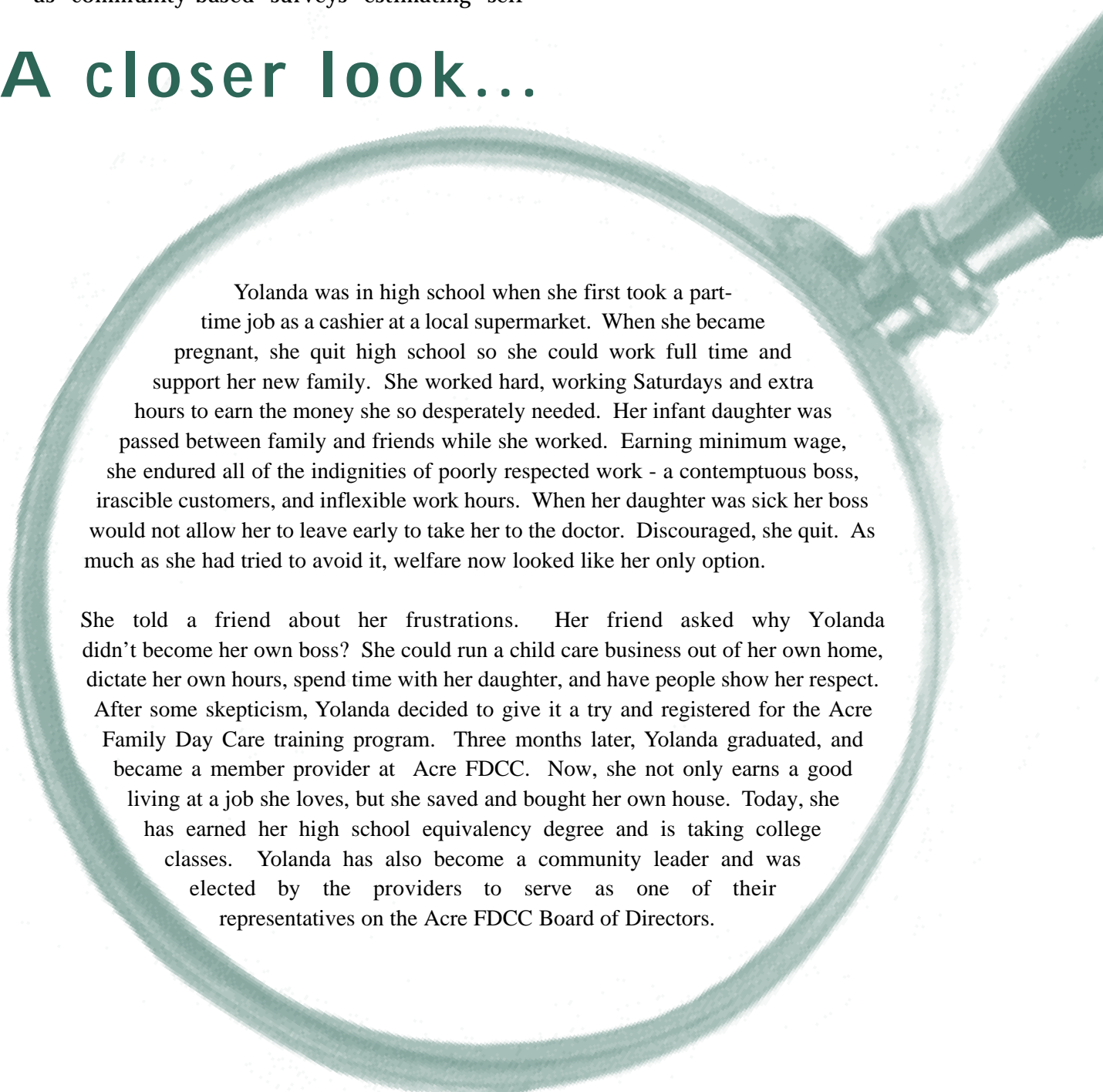
"Model work standards" are an effort to define an optimal work environment for family child care providers, ensuring both a viable business and the respect and recognition her work deserves. Research on child care centers has indicated that better child care jobs lead to better-quality care for children, specifically because better job conditions promote staff retention (Whitebook, Howes & Phillips, 1990; CCW, 1998). We can assume that longevity in family child care is also beneficial to children, and that providers whose own needs for decent job conditions are met will provide better care.

The Center for the Child Care Workforce has been engaging providers across the country in defining good job conditions in family child care. The result is a new publication entitled, *Creating Good Family Child Care Jobs: Model Work Standards*. These standards cover elements of provider/parent contracts and policies that influence the provider's compensation (including income and benefits), the home as a work environment, professional development issues, the provider as an employer, and community supports needed to support good family child care jobs. The report indicates that a good family child care job is one in which the provider earns an income that is sufficient to support her family in her community, and is comparable to others with similar levels of education, experience and responsibility in the community. The model work standards also underscore the need for networks or systems to support family child care providers at the community level. A strong policy concern, however, is that supporting good family child care jobs is currently at odds with assuring affordability of care for families (CCW, 1999).

Recommendations

- ▶ The link must be broken between what child care costs and what families can afford to pay, by providing a public investment in child care that will assure a self-sufficiency income for all providers and access to quality child care for all families.
- ▶ Regular community-based market rate surveys must be conducted on the cost of care, as well as community-based surveys estimating self-sufficiency wages, for the purpose of providing a basis for setting fees for family child care.
- ▶ Public reimbursement rates must be raised to reflect the cost of quality.
- ▶ Public funds must offer support to providers for achieving both accreditation and model work standards.
- ▶ Providers must be engaged in the ongoing evaluation of model work standards.

A closer look...



Yolanda was in high school when she first took a part-time job as a cashier at a local supermarket. When she became pregnant, she quit high school so she could work full time and support her new family. She worked hard, working Saturdays and extra hours to earn the money she so desperately needed. Her infant daughter was passed between family and friends while she worked. Earning minimum wage, she endured all of the indignities of poorly respected work - a contemptuous boss, irascible customers, and inflexible work hours. When her daughter was sick her boss would not allow her to leave early to take her to the doctor. Discouraged, she quit. As much as she had tried to avoid it, welfare now looked like her only option.

She told a friend about her frustrations. Her friend asked why Yolanda didn't become her own boss? She could run a child care business out of her own home, dictate her own hours, spend time with her daughter, and have people show her respect. After some skepticism, Yolanda decided to give it a try and registered for the Acre Family Day Care training program. Three months later, Yolanda graduated, and became a member provider at Acre FDCC. Now, she not only earns a good living at a job she loves, but she saved and bought her own house. Today, she has earned her high school equivalency degree and is taking college classes. Yolanda has also become a community leader and was elected by the providers to serve as one of their representatives on the Acre FDCC Board of Directors.

Financing the Child Care System

The current system of financing child care is based almost exclusively on a family's ability to pay, rather than on what it actually costs to provide the quality of care that parents desire and that children need to support their development. While the gap between ability to pay and the true cost of quality care is widest for low-income families, even though they typically pay a much higher percentage of their income for child care, affordability is a universal child care concern for working families in the United States. Even when public funds subsidize child care services for a family, the subsidy is generally set at a certain percentage of the current market rate (commonly, 75 percent or less), which is far too low to alter the picture of poverty-level wages and high turnover in the child care workforce.

How is the "finance gap" currently being filled? The largest source of "subsidy" is assumed by the provider herself, through foregone wages as well as lack of health insurance, retirement benefits, paid personal leave, professional support, and educational opportunities. Parents and children also fill the gap through sacrifices they are forced to make: children do not receive the individual attention they need when a provider takes more children than she should to make ends meet, or when they spend their day in environments that are unsafe or poorly equipped. Parents suffer the consequences of an unstable workforce as they cope with providers leaving too frequently, have to find new child care arrangements, and help their children cope with disruption and stress. Both children and parents are short-changed of the family support that a good child care program can provide. Compared to these sacrifices, only a tiny portion of the gap is filled through a patchwork of outside support. Included in this support is: the Earned Income Tax Credit, public assistance to the provider herself (including food stamps, subsidized housing, or child care support for her own children), community agency services and volunteerism, and funds from charitable non-profits, foundations,

corporations, and private philanthropy. Public support for low-income families through the current voucher system does little to fill the gap unless payments exceed the current market rate for child care in the community, which is rarely the case.

Our shared vision of a new way of financing child care calls for public dollars to fill the gap between what families can afford and what good care costs. In a just system, no family would pay more than it can afford. Universally accessible, high-quality, affordable child care is an economic reality in other industrialized nations, and it is certainly within our means as well. This approach to financing calls for a restructuring of our income tax policies for the purpose of a more equitable distribution of wealth. Rather than accepting the notion that there is a scarcity of money to fix the child care dilemma, we must re-prioritize how public dollars are spent by asking what is truly important to the well-being of a democratic society. What does our society value most? How is public wealth distributed? How equitably are taxes assessed? How does "corporate welfare" measure against the social welfare system that has come under such scrutiny in recent years?

While we firmly agree that public dollars must be substantially increased to help finance child care, however, the proper mechanisms for disbursing the funds are much less clear. Should child care funds go directly to parents, emphasizing the value of parental choice? Should each child simply be entitled to a quality child care environment, regardless of cost and/or the income and immigration status of his or her parents? Should funds go directly to the provider to ensure that she has a viable business, or should disbursements go through family child care systems or networks, thereby strengthening these systems for all the additional support they can provide? This is a debate that will challenge the ability of different segments of the child care community to come together.

The task of building public support for this major shift in public policy is addressed in the next section of this paper. But in the interim, it is important to address the implications of two financing strategies, tax credits and reimbursement rates, that are currently most prominent in policy discussions.

TAX CREDITS

Tax credits are undoubtedly helpful to some parents; they add to the household budget for the purchase of child care. Tax credits cannot, however, be regarded as the sole solution to financing the child care system, because they offer no mechanism to guarantee that any funds actually reach child care programs. In an article entitled "Tax Credits Divide and Conquer," Ellen Teninty (1993) argues that tax credits may in fact fuel inequality. People of low income cannot access them if they are not paying taxes or not paying enough to receive a credit, and while credits allow for some additional money to spend, they do nothing to ensure that we all have enough. Those families who may be in a better position to access decent child care services because of tax credits don't necessarily have better choices. Tax credits themselves do not make good child care more available, especially in poor communities. A recent initiative proposed by the President, calling for a tax credit for "stay-at-home" parents, may only heighten the inequity of the tax credit system. While former welfare recipients continue to be forced to leave home and go to work, even when they have very young children, other parents may be rewarded for staying home with children.

Important questions remain to be answered about tax credits: Do we get more for our money by dividing the pot and spreading it out to individuals eligible for the credit, or by pooling our money together and providing child care services another way? While economists may argue that tax credits are good for families because they create competition among providers to bring down costs, what are the hidden costs to families in terms of provider turnover, given that current fees often don't sustain the provider? Is quality child care a right for *all* families because of its effect on future citizens, or is it an individual responsibility of parents.

Recommendations

- ▶ In deciding how and where to allocate *any* new child care dollars — tax credits and others — the impact on providers' income must be taken into consideration.
- ▶ Any promotion of tax credits for relieving the pressure of mounting child care costs must be regarded as only a small piece of the answer to financing child care, which must be coupled with increased eligibility for subsidized care and reimbursement rates based on the full cost.
- ▶ All child care tax credits should be "refundable," so that they are available even when they exceed the amount that an individual or family has paid in taxes.

REIMBURSEMENT RATES

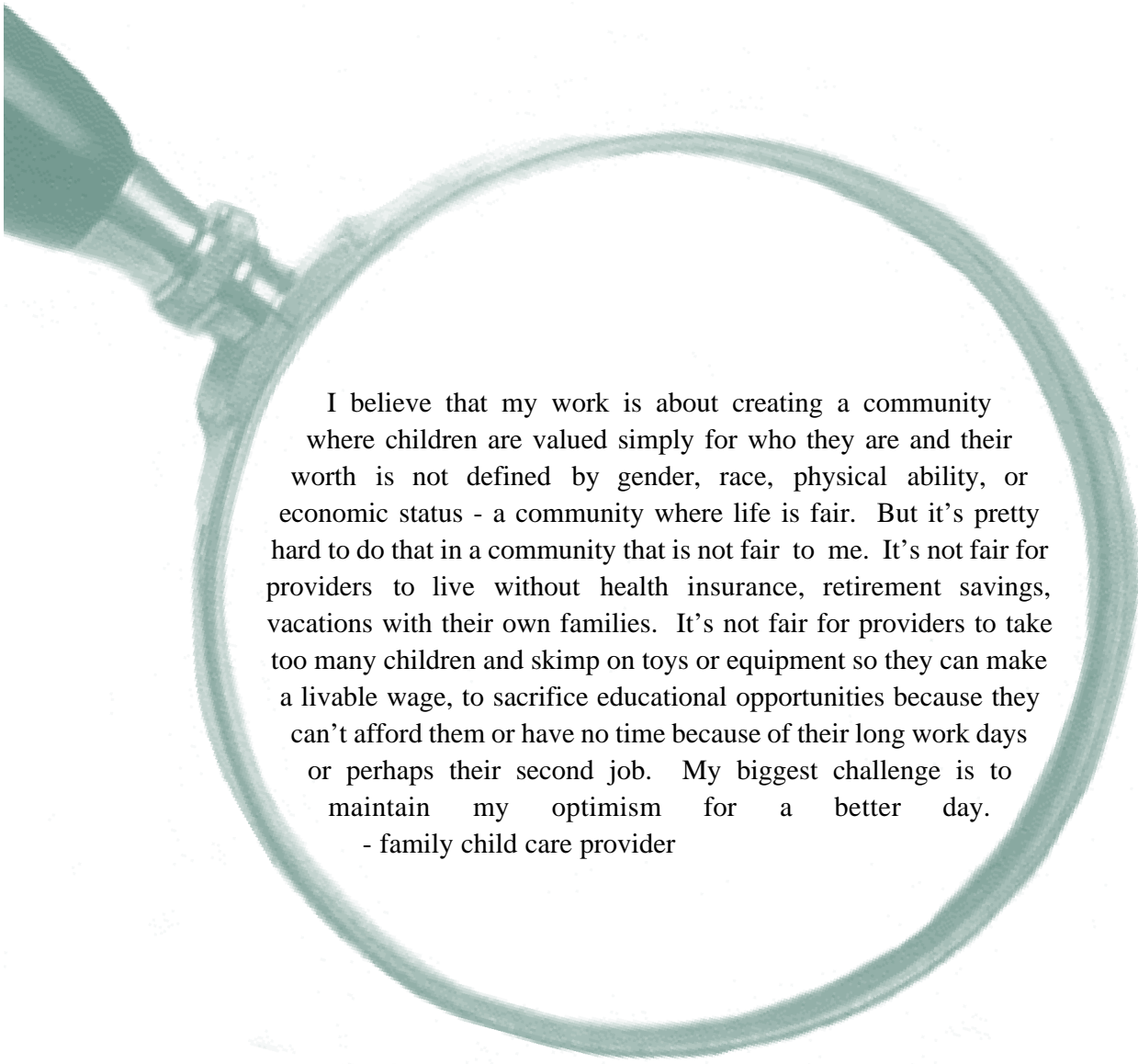
Currently, reimbursement rates are far too low to guarantee that safe and reliable child care programs which meet the developmental needs of children are available to families. Since low rates restrict the revenue of those providers who serve low-income families, they are a major determinant in keeping compensation levels depressed for all family child care providers. We remain stuck with an overall policy of keying rates to a percentage of the going market rate; and while the market rate itself is a very poor measure of what it takes to provide quality care, states typically reimburse programs at 75 percent or less of the market rate.

While welfare reform has increased the amount of public money available for child care, it has also had the unforeseen consequence of pushing fees down and making it harder to earn a decent living by providing child care. That is because most state programs reimburse parents for a fixed percentage of their total child care bill. Since parents are still paying part of the bill on their own -- even if they find jobs that pay very little -- they must seek out low-cost providers. In some places, this leads to providers lowering their fees to remain competitive or eliminating service to subsidized families, thereby limiting low-income families' child care choices. Compounding the problem are new reimbursement payment mechanisms that are neither provider- nor parent-friendly, that destabilize parent-provider relationships, and that sometimes put providers' businesses at risk.

Recommendations

- ▶ Reimbursement rates should be set at the true cost of providing child care, a cost that *minimally* ensures a self-sufficiency income and health insurance for the provider.
- ▶ Because providers are offering a public service to the government when they enroll families eligible for child care subsidy, an efficient payment process that respects the provider's contribution must be a government responsibility.
- ▶ If tiered reimbursement rates are offered as an incentive to meet high standards of quality child care, there must be universal access to the supports needed to achieve both a good learning environment for children and a good work environment for the provider.

A closer look...



I believe that my work is about creating a community where children are valued simply for who they are and their worth is not defined by gender, race, physical ability, or economic status - a community where life is fair. But it's pretty hard to do that in a community that is not fair to me. It's not fair for providers to live without health insurance, retirement savings, vacations with their own families. It's not fair for providers to take too many children and skimp on toys or equipment so they can make a livable wage, to sacrifice educational opportunities because they can't afford them or have no time because of their long work days or perhaps their second job. My biggest challenge is to maintain my optimism for a better day.

- family child care provider

Building a Base of Support for Social Change

Each agency represented in this Peer-to-Peer Exchange recognized its responsibility to go beyond what is currently available to family child care providers in offering supportive resources. It is our responsibility to intentionally grow a collective voice among providers to identify for themselves and fight for the supports and services they need, and the value of the service they provide to children and families. Important questions to explore with providers, so that they can take effective action for change, include: What is support, and what creates dependency? What are the proper targets for our frustration with the current child care system, and how do we confront them as child care advocates? Where does our power lie?

It is important to link family child care providers together for the purpose of building a base of support for social change. The following examples illustrate a number of ways in which providers can be linked, including co-ops, family child care systems, networks, grassroots organizing groups and unions, and ways in which these efforts are being replicated.

Through the Leadership Empowerment Action Project (LEAP), the Center for the Child Care Workforce (CCW) is engaging providers in recognizing their leadership skills and seeing themselves as a force for change. Participants in LEAP relay a sense of personal transformation as they share their stories, analyze their work with others in terms of its economic and social impact, engage in community action projects, and come full circle with new stories to share and new questions to ask. LEAP is building and strengthening grassroots community organizing efforts to improve child care jobs. With foundation support, CCW is now replicating a credit-bearing LEAP course in several communities around the country.

Direct Action for Rights and Equality is working to provide a structure for the collective voice of family child care providers and employing strategies of direct

action as one mechanism for achieving their goals. The Daycare Justice Co-op is an outgrowth of DARE's successful five-year campaign to secure health insurance for family child care providers serving state-subsidized families. The health care campaign gained momentum by using direct action strategies--bringing children, providers and parents to the state office handling subsidy payments, for example, to deliver a simple demand: providers wanted to be paid on time. Through such actions, the group has been able to recognize its power to affect change. The Co-op is now in a position to use collective bargaining with the state of Rhode Island to fight for such other benefits as sick and vacation pay. In order to remain independent, DARE operates without government funding. In response to many inquiries from around the country on its recent health insurance victory, DARE is now writing a resource guide on this experience.

Acre Family Child Care Network, which operates with a high level of state funding, finds its strength in being able to build coalitions with other groups in the state, while creating a model system of support for providers that is worthy of far-reaching replication. For example, ACRE engages providers on its governing board, provides extensive training in providers' native languages, and provides supportive services. These services include regular home visits, counseling services, marketing of programs, networking opportunities, a transportation system to get children to providers' homes, a revolving loan fund to assure that providers get paid on a regular basis twice a month, and individual development accounts (IDAs). ACRE has successfully replicated its model in one Boston neighborhood, despite what it sees as major challenges facing family child care networks: navigating separate contracts and different funding streams, a scarcity of resources and translators to deal with language barriers, and inadequate funding for the transportation needs of low-income families. But ACRE insists that if the system model is one to be respected and one worthy of

replication, there is a need for the development of standards for systems to adhere as well. Such standards would define quality services to providers.

WHEDCO's unique integration of services regards child care as key to all its workforce development programs. Its family child care network offers training to providers along with in-house scholarships for training fees and business workshops. WHEDCO provides legal workshops for providers, technical assistance, one-to-one business counseling, and home visits; its on-site child care service gives new providers experience, including a mentoring component; and it offers entrepreneurial grants for business start-up or expansion, as well as funds to purchase specific items for providers' child care programs. In collaboration with other New York City organizations, WHEDCO is committed to building a greater understanding of the needs and culture of unregulated providers, and providing them an introduction to family child care as a career.

WHEDCO and Acre offer some words of caution in the development of family child care systems and networks. Agencies must be intentional if crossing a line that could place them in the position of being the providers' employer, rather than a network or system of independent subcontractors. Some family child care system models do categorize providers as system employees, and the possible advantages include regular and dependable paychecks, as well as the possibility of negotiating terms of employment. Most providers, however, take pride in their status as small business entrepreneurs and prefer the tax deductions that such status offers them. Also, in the development and ongoing maintenance of a family child care system or network, there will be those with 'economic development' as a primary focus (i.e., the needs of a particular community and the provider's needs within that community), and those with 'child care professionalism' as a primary focus (i.e., what current research in child development and best practices tell us about the kind of programs we are developing). Building bridges between both points of view will build a stronger network.

Denise Dowell, a Philadelphia-based union organizer, is working with the United Child Care Union, chartered by the National Union of Hospital and Health Care Employees/ AFSCME, which contains divisions for center-based child care teachers and

family child care providers. Much of the ground work for the current union organizing drive was also laid by the local Worthy Wage Campaign, with support from the Center for the Child Care Workforce. The union is able to provide staff and resources to create forums for providers to come together to express their needs in terms of public policy advocacy. The current focus for family child care is on reimbursement rates--both raising the rates and improving the current system of payment--and future plans include a "training and upgrading fund" and model contracts for providers. A community-wide unionizing effort is also underway in Seattle through District 925 of Service Employees International Union (SEIU).

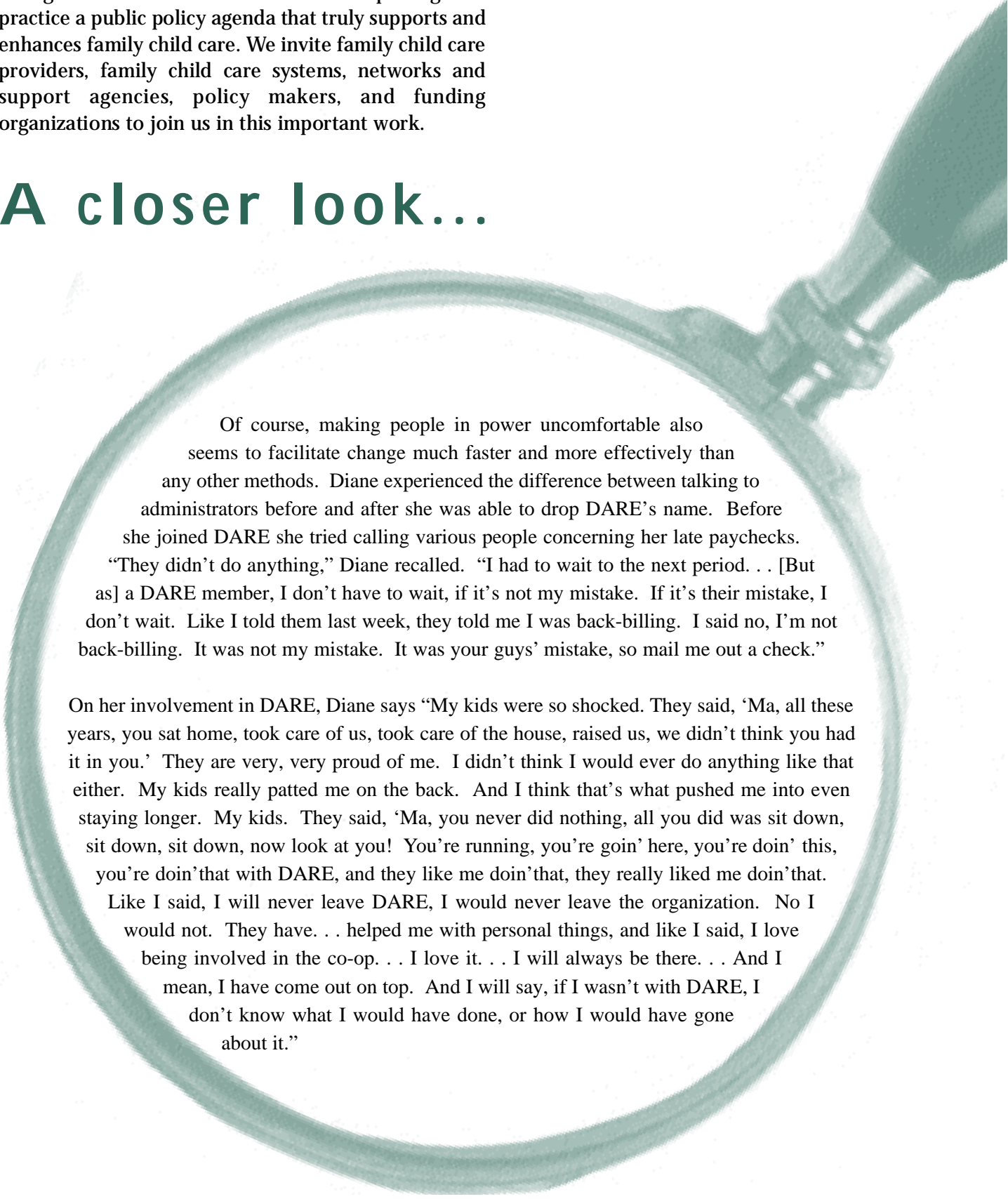
Recommendations

- ▶ The creation of family child care linkages such as those described above — systems, networks, unions, worker associations, co-ops — requires a level of funding that is able to build the base of support and power among providers.
- ▶ The current challenges faced by family child care networks, including language barriers and inadequate funds for transportation must be addressed.
- ▶ Efforts to engage family child providers in demanding what they deserve from public child care policy need to be strengthened, particularly among providers in marginalized communities.
- ▶ Building strong grassroots provider-based organizations and uniting forces with the child care workforce as a whole are needed to change the current situation.
- ▶ Replication of successful efforts requires thoughtful planning to retain the integrity of the original program and protect it from being drained of its resources. Flexibility and community-based decision making are critical to the success of replication. As a tool for building a base of support for social change, replication projects to link family child care providers together are worthy of public and institutional support.

CONCLUSION

The intention of this policy brief is to spark continued dialogue as we face the critical task of putting into practice a public policy agenda that truly supports and enhances family child care. We invite family child care providers, family child care systems, networks and support agencies, policy makers, and funding organizations to join us in this important work.

A closer look...



Of course, making people in power uncomfortable also seems to facilitate change much faster and more effectively than any other methods. Diane experienced the difference between talking to administrators before and after she was able to drop DARE's name. Before she joined DARE she tried calling various people concerning her late paychecks. "They didn't do anything," Diane recalled. "I had to wait to the next period. . . [But as] a DARE member, I don't have to wait, if it's not my mistake. If it's their mistake, I don't wait. Like I told them last week, they told me I was back-billing. I said no, I'm not back-billing. It was not my mistake. It was your guys' mistake, so mail me out a check."

On her involvement in DARE, Diane says "My kids were so shocked. They said, 'Ma, all these years, you sat home, took care of us, took care of the house, raised us, we didn't think you had it in you.' They are very, very proud of me. I didn't think I would ever do anything like that either. My kids really patted me on the back. And I think that's what pushed me into even staying longer. My kids. They said, 'Ma, you never did nothing, all you did was sit down, sit down, sit down, now look at you! You're running, you're goin' here, you're doin' this, you're doin' that with DARE, and they like me doin' that, they really liked me doin' that. Like I said, I will never leave DARE, I would never leave the organization. No I would not. They have. . . helped me with personal things, and like I said, I love being involved in the co-op. . . I love it. . . I will always be there. . . And I mean, I have come out on top. And I will say, if I wasn't with DARE, I don't know what I would have done, or how I would have gone about it."

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Printed on 100% recycled paper

Design: Julenne Farrar
Illustration: Rachel Ostrow