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ABSTRACT

This paper presents an overview of the major findings of a study evaluating federally-supported child day care in Alaska, Idaho, Oregon, and Washington. The principal objective of the study was to evaluate day care quality using the proposed federal day care standards as a baseline and to develop strategies to improve these services. The study reviewed the problems and perspectives of day care providers and consumers, as well as administering agency practices. In this precis, particular strengths and weaknesses in each of the states, projected cost estimates for upgrading services, and four alternate strategies for federal, state and local officials to improve the quality of day care are summarized. Three other volumes provide materials summarized in this precis. (Author/CS)

ED101822

AN EVALUATION OF DAY CARE IN REGION X

PRECIS

Contract No.:
OEC-X-72-0055

PS 006971

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Unco Inc.

March 31, 1973

Ms. Robin Pasquarella
Project Officer
Region X
Department of Health, Education,
and Welfare
Arcade Plaza Building, M.S. 610
1321 Second Avenue
Seattle, Washington 98101

Dear Ms. Pasquarella:

RE: Contract No. OEC-X-72-0055, DAY CARE STUDY, REGION X

Unco, Inc. is pleased to submit twenty copies of the Precis, Evaluation of Day Care Services in Region X. Unco's project staff has found this study to be one of the most exciting and challenging projects in which we have been involved. The opportunity to be a part of a program which is undergoing change was particularly rewarding.

The Unco project staff would like to express the pleasure it had in working with the staff of DHEW Region X office. The consideration and cooperation received in the conduct of this project was invaluable.

Sincerely,

Lawrence E. Knape

Lawrence E. Knape
Director, West Coast Programs

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SPECIAL DEDICATION TO REGION X

DAY CARE PROVIDERS

Here we are, just look under the forms
Statistical data, figures and norms
Is your ethnic minority black or sky blue
What do you do when a child has the flue
Fill in the numbers, sign on the line
A few hundred pages will do just fine
What does it cost, whom do you pay
How many trips to the bathroom per day
Total the figures, divide by point 3
It's very important, just wait and see
We'll issue a document, impressive and long
We'll tell you just how you are doing it wrong
You've finished with this one? Wait, don't go away
Here's another report that's due yesterday.
The children? Well, they'll just have to wait
Information is needed, so don't be late
Your primary job is to fill up our shelves
In the meantime, the kids can just fend for themselves.

Sandy Larson, Bookkeeper
Chugiak Parents & Children's Center
Chugiak, Alaska

ACKNOWLEDGMENT

Unco, Incorporated, is pleased to acknowledge the valuable assistance of all those individuals who became involved with this project.

To list all of those to whom we are indebted for their help on this project would be an impossible task. Certainly, we wish to express our gratitude to those persons in the Region X office of the Department of Health, Education, and Welfare (Ms. Robin Pasquarella, Project Officer; Ms. Mary McLean, Management Intern; Mr. John Crossman, Analyst; and Mr. Ron Bake, Contract Officer, DHEW Region X office). The services, comments, and recommendations of these individuals have been particularly helpful.

We would like to express special thanks to the administering agency personnel, day care providers, and parents for their help in providing us with information about the day care programs in Region X.

Although not all are mentioned here....all are remembered with appreciation.

GENERAL INTRODUCTION

This study is a product of the Region X Federal Regional Council's interest and concern about the quality of federally supported day care in the region. The study examines federally supported child care available in the States of Washington, Oregon, Idaho, and Alaska. The quality of care, and the impact of Federal Day Care Standards are examined both from the perspective of the state and local agencies which administer federal day care dollars and from the perspective of the providers who must meet federal standards.

There are several unique features of this project. The primary objective of the effort was to develop an action plan by which the Federal Regional Council can move to upgrade the quality of day care in the region. Further, a proposed set of federal day care standards was used as the baseline against which to measure the current quality of care in a sample of federally supported settings. The use of these proposed standards provides the region with advance information on possible implementation problems should these standards be adopted. Finally, the study is unique in its focus on the activities and mechanisms of the multi-level administrative units--federal region, states, counties, and cities--which are responsible for administering currently available federal funds for day care and for implementing the 1968 Federal Day Care Requirements (FDCR).

This report is divided into three volumes. Each volume either can be read alone, or the three volumes can be read in sequence. A brief description of each volume follows:

Volume 1 is entitled "A Day Care Action Plan." This volume presents four possible strategies for federal regional action in the area of day care. Each of these strategies specifies actions which the federal regional office can take, and the related actions required by state and local levels of government to upgrade day care in the context of present monetary constraints and the New Federalism.

Volume 2 is "A Baseline for Improving Day Care Services in Region X." This volume examines the current level of day care services in the states of Region X in relation to the proposed 1972 Federal Day Care Requirements. The volume describes both the quality of day care currently provided and the structure of state administering agencies and their capacity to administer the day care program within each state.

The final volume is "A Profile of Federally Supported Day Care in Region X." This volume develops a profile of the characteristics of day care providers and federally supported day care settings in Region X. The final chapter outlines the potential impact of the 1972 Federal Day Care Requirements on current costs of providing day care in the region.

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I. MAJOR FINDINGS

A. THE CURRENT LEVEL OF FEDERALLY SUPPORTED DAY CARE IN REGION X

A major objective of this study was to examine the differences between the current level of care provided in federally supported Region X child care settings and the level of care which would be required of providers if the proposed revisions in the 1972 Federal Day Care Requirements (FDCR) were adopted. Since many of the proposed revisions are considerably different from the 1968 FDCR and often different from the individual state licensing standards, it was anticipated that there would be many points at which providers would be "out of compliance" with the proposed standards.

For purposes of this report, if 20% or more of the family day care homes or centers were not in compliance with any single requirement in the 1972 FDCR this was identified as an area that warrents further study by those who will implement the new standards. Although the 20% cutoff point was a somewhat arbitrary figure, the administrative staff time required to upgrade providers performance in such an area would put a sizable burden on an already minimal staff.

The 1972 FDCR include 17 major provider requirements and 89 sub-requirements. For this report we have clustered these requirements into four main areas of provider operations which are affected by the proposed standards:

1. Ensuring the physical safety of children.
2. Ensuring continuing development of children and continuity with home.
3. Ensuring adequate nutrition and child health.
4. Ensuring staff accountability adequacy, and competence.

The following summaries present a profile of those 1972 FDC Requirements with which more than 20% of all providers sampled in the Region are out of compliance:

Ensuring the Physical Safety of Children.

Of the 19 specific criteria related to ensuring children's physical safety, there were six which more than 20% of the

homes or centers in the Region did not meet. The six areas which will require most attention, regionally, relate to the following:

-- The availability of fire extinguishers and emergency lighting.

-- The availability of fenced or otherwise safe outdoor play areas.

-- Assessment of lead content in child care facility paint.

-- Assuring the absence of hazards to small children.

-- Maintaining daily attendance records and discussing absences with parents.

-- Assuring that caregivers have knowledge of persons other than parents with whom the child may leave the facility.

The states in Region X rank as follows in terms of overall compliance with the proposed physical safety standards. (State listed first has the smallest proportion of centers or homes out of compliance on <u>all</u> criteria related to physical safety, etc.)

Centers	Family Day Care Homes
Washington	Washington
Alaska	Oregon
Oregon	Idaho
Idaho	Alaska

The 1972 FDCR criteria related to physical safety had a higher percentage of providers in compliance than did any of the other major subdivisions under which the criteria have been grouped (e.g., ensuring the continuing development of children.) It is this area, also, that is covered most thoroughly by state and local codes in all four states.

Ensuring the Continuing Development of Children and Continuity with Home.

Of the 13 specific criteria related to providing developmentally appropriate activities for children in care and continuity with their home life, there were eight standards which more than 20% of the homes or centers in the

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Region did not meet. These eight areas relate to the following:

-- The existence of written caregiver plans which outline appropriate activities for children in care of various ages.

-- The availability of adequate materials and equipment suitable for children in care.

-- Access to safe outdoor play areas.

-- Assuring caregiver knowledge of each child's special needs.

-- Assuring ongoing parent involvement with the day care center.

-- Assuring respect for all children's cultural and ethnic background and language.

-- Assuring communication between caregivers and the schools when school-age children are in care.

-- Assuring the existence of a policy advisory council with at least 50% parent membership in facilities serving 15 or more children.

These criteria will require attention across the Region. At present, only two of the eight requirements are addressed by any of the four states' standards. Thus, it is not unexpected that all states have high non-compliance scores in at least six of the eight areas. Only three of the eight standards were included, in somewhat different form, in the 1968 FDCR.

The states in Region X rank as follows in terms of over-all compliance with the proposed standards relating to developmental activities and continuity with home. (State listed first has the smallest proportion of centers or homes out of compliance on <u>all</u> criteria related to this area, etc.)

Centers	Family Day Care Homes
Oregon	Washington
Washington	Oregon
Alaska	Idaho
Idaho	Alaska

Ensuring Adequate Nutrition and Child Health.

Of the 24 specific criteria related to nutrition and child health, eight were not met by more than 20% of the homes or centers in the Region. These eight areas which were weak region-wide include:

-- Two nutritious meals are served to each child in care nine hours or more.

-- Food is obtained from sources complying with local, state, and federal codes.

-- There is a written and posted evacuation plan and evacuation drills are held at least once a year.

-- Emergency phone numbers are conspicuously posted.

-- There is a first aid chart posted and at least one caregiver is familiar with first aid techniques.

-- There is a planned source of emergency care.

-- In a family day care home, a second adult is available to assist in emergencies.

-- Operators have adequate advance arrangements for substitutes in case of caregiver illness.

Of these eight high non-compliance areas, only one was fully covered under the 1968 FDCR and another two were partially covered. Three of the eight items are partially covered by one or two of the states' standards. However, in line with the non-compliance trend, the majority of the eight requirements are not currently included in either state or federal standards.

The states in Region X rank as follows in terms of overall compliance with the proposed standards relating to nutrition and child health. (State listed first has the smallest proportion of centers or homes out of compliance in all criteria related to this area, etc.)

Centers	Family Day Care Homes
Oregon	Oregon
Washington	Washington
Alaska	Alaska
Idaho	Idaho

Ensuring Staff Accountability, Adequacy, and Competence.

Of the 27 specific criteria related to staff accountability, adequacy, and competence, 12 were not met by more than 20% of the centers or homes in the Region. These 12 areas are as follows:

-- Required staff/child ratios in both centers and homes.

-- Caregivers must be 18 years old in centers.

-- Caregiver should be able to act against hazards.

-- Caregivers should be able to increase their skills through supervision and training.

-- Operator must maintain adequate enrollment, attendance, and financial records.

-- Operator is willing to inform the public about center policies.

-- Parents receive counseling and information about program goals at the time of enrollment.

-- Written records are kept of child's legal name, address, etc.

-- Written records are kept of persons names and addresses other than parents who can take child from facility.

-- Written records are kept of persons who can assume responsibility in case parents can't be reached in an emergency.

-- Written statements of child's health problems and the name of the child's regular source of health care are kept.

-- Notations are made of communication with parents about children's problems.

Four of these high, non-compliance items were covered by the 1968 FDCR and the others were partially covered. Only one of the criteria was covered by all four state standards and two others were partially covered by all four states.

The states in Region X rank as follows in their overall compliance with the proposed standards relating to staff adequacy. (State listed first has the smallest proportion

of centers or homes out of compliance in all criteria related to this area.)

Centers	Family Day Care Homes
Washington/Oregon	Washington
Idaho	Oregon
Alaska	Alaska
	Idaho

Provider's Perspectives on the Current Level of Care.

In order to determine what factors--other than existing state and federal day care standards--affect the level and quality of care currently provided in Region X, over 500 providers in the four states were interviewed about their concerns. The following summarizes these concerns and relates them to the proposed 1972 FDCR:

Center problems. The overriding problem mentioned by day care center directors was a lack of adequate funds to do what they feel should be done in order to provide high quality care for children. Although the directors' opinions about what constitutes high-quality care differed, a strong concern about quality care was universal.

The lack of money to hire what they feel is an adequate number of staff, or to be able to pay enough to keep good staff members when they have them, frustrated most directors interviewed.

Non-profit centers encounter many problems resulting from their sharing facilities with other organizations. Directors were discouraged by their inability to afford facility improvements and large equipment for these programs.

Many directors mentioned the need for good in-service staff training and more help with developmental aspects of care in their programs. Again, staff time constraints--related to financial constraints--stand in the way.

In general, center directors were very understanding about the financial problems facing the low and middle income employed parents whose children were in their centers. This sensitivity made the directors' own problems over their inability to afford a more adequate program even more frustrating.

The directors interviewed whose programs all receive some percentage of their operating expenses from state and

federal sources, did not extend their compassion to the state or federal bureaucracy which consistently made late payments, held up grants, or withdrew formerly available funds.

The unpredictability of funds--from whatever source--is a major stumbling block in the planning and delivery of quality child care.

Home care problems. Family day care home providers also mention the unpredictability and inadequacy of income as a major problem, whether the responsibility for payment is the state welfare department or parents'.

Parent related problems also caused concern, particularly when parents were not reliable about drop-off or pick-up times; notifying providers when children are to be absent; not supplying adequate clothing or diapers; etc. Generally the family day care providers have children of their own and when the parents of children in care are not reliable, this adds to the provider's burden during her already long day (average 11 hours). The unrelieved 11 or 12 hour day of providing child care leaves little enough time for the provider's own errands and family concerns.

There is a serious need for low cost liability insurance to be available to all home care providers. The potential for lawsuit against these providers is very real. Such coverage should be mandatory and made available through a low cost group plan.

The personal problems of parents with which home care providers are faced suggest that there is a need for closer relations between the caseworkers, providers, and parents. Many problems with schedules, daily emergencies, child custody battles, etc. must be handled by the provider. There should be a caseworker available to the provider and parent to relieve this burden.

Often home care providers have questions about how to handle certain behaviors. They would like to have some help with these questions, but there is no training or on-the-spot assistance available to them. Few home providers perceive the caseworkers as a resource for the questions they have about child care.

In summary, the linkages between the state licensing agency and home care providers are weak. There is little support or assistance given providers after licensing. Areas which need state attention are state payment systems, small business counseling for providers, improved casework services to parents, provider grievance procedures, and provider training.

<u>Impact of the 1972 FDCR on these problems.</u> If the 1972 day care standards were adopted, few of the problems expressed by day care providers would be relieved and many would be increased. In centers the overriding problem of unpredictable and inadequate resources to improve day care programming and retain good staff would be worsened. The increased costs resulting from the high staff-to-child ratios prescribed in the proposed FDCR would magnify center problems of inadequate resources.

The weak links between caseworkers, parents, and providers is the problem best dealt with in the section of 1972 FDCR concerned with the administering agency's responsibility for supportive services.

In general, the problems which face day care providers under current standards would not be relieved by the adoption of 1972 FDCR. Those proposed requirements which involve increased provider costs--either one-time or on a continuing basis--would heighten the major problem facing all providers now--the lack of available resources at the provider level to make currently desired improvements in day care programs.

B. THE ROLE OF THE REGION X STATES IN ASSURING QUALITY DAY CARE

The 1968 and 1972 FDCR place major responsibility for the administration of federal day care dollars and implementation of federal standards with the state administering agency. The administering agency is not only required to evaluate day care providers to determine their level of compliance with federal requirements, but also it must provide and/or arrange for other services to supplement and upgrade the providers' programs where necessary. Specifically, the administering agency is responsible for the following:

1. Providing or arranging training for day care operators.

2. Providing or arranging for social services and other support services.

3. Ensuring parent participation in day care.

4. Providing a periodic evaluation of day care.

All four states have failed to implement fully the 1968 FDCR. Particular problems which have yet to be resolved by the states are arranging training for providers, arranging social services and other support services that are not provided by the operator, and state day care planning and coordination.

What follows is a state-by-state profile of the state welfare departments in Region X and the significant strengths and weaknesses of their day care programs.

Alaska.

The State of Alaska has geographical features which impact the quality of care within the state. The 'bush' areas of Alaska present particular problems. The area is isolated from the main population centers which limits both the number and type of providers available to serve this population. This isolation also limits the amount of attention the administering agency devotes to the 'bush.' In addition to the isolation, most of the 'bush' has relatively primitive buildings, sanitation and health, and community resources. These factors limit the degree of compliance that can be expected. This area represents a section of providers for which waivers of some requirements would be appropriate. Unless waivers are allowed, either there will be no day care provided or it will remain out of compliance.

Apart from the 'bush'-related problems, Alaska also has other weaknesses which require attention if quality of care is to be upgraded.

-- Day care traditionally has been understaffed. This understaffing is reflected in the uneven level of compliance within the state.

-- The state has not developed monitoring guides to assist the workers in uniformly enforcing either state or federal requirements.

-- The state standards are inadequate in the area of program. The state is currently modifying their state standards. It is not known at the present time what form the standards will take.

-- The assignment of day care licensing at the local level does not maximize worker skills and interests. The state often rotates day care licensing responsibility among available caseworkers rather than have specific staff assigned

to monitor and license. (Generally, this is true only for family, group, and in-home provider licensing.) The result is that workers are unable to increase their expertise in day care licensing and monitoring.

-- A major problem faced by the state is the Title IV-A lid on social service expenditures. The lid has resulted in a cutback in the funds available for day care. The reduction of funds is reducing an already short supply of day care providers.

There are many positive features of the day care program in Alaska:

-- Quality day care has a relatively high priority in the State. This priority is reflected by the additional staff recently assigned to day care licensing and monitoring.

-- There has be good informal coordination between agencies who have responsibilities for day care.

-- The state agency is beginning to develop tools to assist in the monitoring and evaluation of day care providers.

-- Most of the providers are committed to a developmentally oriented approach to day care.

Idaho.

The State of Idaho is the only state in the Region which has a voluntary state licensing law. This voluntary aspect of the Idaho law has made it more difficult for the state to enforce the mandatory federal day care requirements. Specific weaknesses noted in the state are:

-- Quality day care is a low priority for the state wlefare agency.

-- The state standards are generally quite weak.

-- The use of rotating staff for day care monitoring weakens the quality of the monitoring effort.

-- The political climate of the state is adverse for the growth of developmentally oriented day care.

The main strengths of the state program are:

-- The Office of Child Development, in the governor's office, is beginning to study the overall state needs for child services and the available day care resources.

-- The OCD is potentially a good vehicle to implement a planning and coordination system for the state.

-- The state is involved in a national demonstration in educational TV to provide training to day care providers and parents.

-- Idaho has not yet expended all of the Title IV-A funds available to it. Thus, the monetary constraints faced by the other three states in the Region do not apply to Idaho.

Oregon.

The State of Oregon has developed a fairly comprehensive day care system. This strength also creates the main problems faced by the state.

The Title IV-A lid or expenditures for social services has had a major impact on the day care program. The various local 4-C's have invested heavily in the direct provision of day care. These expenditures are subject to the IV-A lid. The state may have to cutback day care expenditures to stay within the total allowable IV-A monies. A similar problem exists with migrant day care programs.

Other problems in the state day care program are:

-- The number of workers assigned to family day care licensing is insufficient to effectively monitor these providers.

-- There are no specific workers assigned to certify and monitor in-home caregivers.

-- There is a lack of statewide planning and coordination of the day care program.

The state has many strengths on which to build an improved day care program

-- There has been a relatively good implementation of the 1968 FDCR.

-- There is sufficient staff to monitor day care centers.

-- The proposed state standards represent a significant upgrading in programmatic areas.

Washington.

The primary problems of the day care program in the State of Washington are:

-- Insufficient staff assigned to carry out monitoring functions.

-- In most offices, no specific staff are assigned to certify and monitor in-home care providers.

-- The lack of any effort toward statewide planning and coordination.

-- The inability of the state to make payment to providers in a timely manner.

Primary strengths of the day care program in Washington are:

-- A relatively good implementation of the 1968 FDCR.

- The most extensive development of monitoring guides of any of the states in the Region.

-- The most comprehensive current state standards, and the proposed standards build on this base.

-- The majority of providers attempt to provide developmentally oriented day care.

C. PROJECTED IMPACT OF THE 1972 FDCR ON REGION X CHILD CARE COSTS

Federal and State Cost Implications.

The potential cost to the federal regional offices and to the state administering agencies for implementing the proposed 1972 FDCR should be a major consideration in their adoption. However, even if the 1972 FDCR are not adopted,

significant expenditures by the federal regional office and the states are required to bring the quality of care in the Region up to the 1968 standards. The unevenness of current 1968 FDCR implementation is the cause for the increased efforts that will be required. The costs to the Region and states for upgrading the quality of care to meet the 1968 FDCR would, for the most part, parallel the costs for implementing the 1972 FDCR. The following represent some estimated expenditures required of the federal regional office and the state administering agencies to effectively implement and monitor the 1972 FDCR. Additional costs for providing training to state staff and providers, and for arranging psychological and social services, will be borne by the states. The costs for these services will vary with existing state social service resources and training capabilities.

Major regional and state cost increases include:

1. Increased cost to the federal regional office for staff and staff related expenses: these costs are estimated at approximately $70-75,000 annually ($45,000 in direct salary and $25-30,000 in support costs).

2. Increase in administrative costs to the states to increase staff for the monitoring functions: it is difficult to estimate accurately the costs to the states due to the uncertain impact of current federal actions. Phasing out OEO and Model Cities may result in closing day care facilities funded from these sources. The proposed changes in federal social service regulations related to day care may result in a decrease in the number of providers needed for federally supported care.

Each state will need to determine the number of mandays required to monitor the various types of providers, and allocate the staff accordingly. If we assume that the total number of providers remains constant and turnover and application rates also remain constant, the following are estimated staff costs per state for monitoring federally funded day care providers only:

<u>Washington</u>:

-- Day Care Centers, 4 staff @$12,500 per year = $50,000

-- Family and Group Day Care Homes, 16 staff @$9,[illegible]24 = $153,934

-- In-Home Care (Assumes a 60% turnover rate), 4 staff @$9,624 = $38,496

-- Total direct staff costs for day care monitoring (excludes supervision) = $242,480

Oregon:

-- Day Care Centers, 6 staff @$9,000 = $54,000 (Assumes Oregon will continue four visits per center per year)

-- Family Day Care Homes, 12 staff @$5,400 = $64,800

-- In-Home Care, 3 staff @$5,400 = $16,200

-- Total direct staff costs for day care monitoring (excludes supervision) = $135,000

Idaho:

-- Day Care Centers, 2 staff @$7,680 = $15,360 (Assumes Idaho will continue to conduct semi-annual reviews)

-- Family Day Care Homes, 6 staff @$7,680 = $46,080

-- In-Home Care, 1 staff @$7,680 = $7,680

-- Total direct staff costs (excludes supervision) = $69,120

Alaska:

-- Day Care Centers, 1 staff @$13,800 = $13,800

-- Family and Group Day Care Homes, 4 staff @$13,800 = $55,200

-- In-Home Care, 1 staff @$13,800 = $13,800

-- Total direct staff costs (excludes supervision) = $82,800

The figures presented for the four states represent total statewide full-time staff equivalents. Geographic distribution of the caseload will require adjustments for individual worker's caseload composition. The movement toward regionalization of day care monitoring can result in [illegible] full-time day care [illegible] ensing caseloads if in-home care

is included in the caseload. The cost figures presented do not represent net increases in costs for the states but total direct staff costs for the monitoring of federally funded day care providers. The states will have additional costs for monitoring providers who do not care for federally funded children.

Provider Cost Implications.

Day care centers. Table 1 displays a comparison of the actual 1972 operating costs of a private profit Washington day care center having an average yearly enrollment of 45 children with the projected operating costs for that same center if the 1972 FDCR were adopted. The costs represent a breakeven point for an already established center, and do not include allowances for profit and non-cash costs.

As the table reveals, the major center cost category affected by the 1972 FDCR is personnel. With the increased staff to child ratio, the requirement of some added paperwork, and the staff support required for the parent advisory body, staff costs--even at present low pay scales--are increased tremendously.

The child population of the sample center is composed of 20% toddlers (age 19 to 35 months) and 80% pre-schoolers (aged 36 through 59 months). Using the 1972 FDCR computation schedule, the number of caregivers required for this center would be as follows:

Age Group	n	Required Ratio	# of child hours/day	Caregiver hours needed
Toddlers	9	1:4	90	24
Pre-School	36	1:7	360	51
		Total minimum required caregiver hours per day		75
		Number of eight-hour caregiver mandays required per day		9.4

The requirement of 9.4 caregivers for the children in the sample center makes an overall 1:5 staff/child ratio. Present staffing, conforming to Washington State licensing requirements, meets only a 1:10 staff/child ratio. Thus, the 1972 FDCR require about double the number of caregiver hours available to children at this sample center and,

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TABLE 1
COST COMPARISON OF CURRENT SAMPLE CENTER OPERATIONS WITH MINIMUM COSTS REQUIRED TO MEET 1972 STANDARDS

	Current Center Costs Per Child		Projected Center Costs Per Child Under 1972 FDCR	
Category	Description	Annual Cost Per Child	Description	Annual Cost Per Child
1) Food-Meals & Snacks	One meal & two snacks	$ 78.33	1) Two meals and two snacks	$157.35
2) Transportation	Provided at parent expense	-0-	2) Provided at parent expense	-0-
3) Medical & Dental Services	Referral services only as apropos 5% director's time	7.78	3) Referral services as apropos 5% director's time.*	7.78
4) Work with Parents	Little or none except in problem cases--director 10% time	16.00	4) Staff support to policy advisory council and increased work with parents 30% directors time	45.00
5) Facilities & Utilities	Space meeting state & local requirements	246.66	5) Space meeting state, local & federal requirements	246.66
6) Clothing & Other Emergency Needs	As necessary	5.00	6) As necessary	5.00

*Health care arrangement costs fall to administering agencies, not providers under 1972 FDCR.

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TABLE [illegible] (cont.)
COMPARISON OF CURRENT SAMPLE CENTER OPERATIONS WITH MINIMUM COSTS
REQUIRED TO MEET 1972 STANDARDS*

	Current Center Cost, Per Child		Projected Center Costs Per Child Under 1972 FDCR	
Category	Description	Annual Cost Per Child	Description	Annual Cost Per Child
7) Supplies & Materials	Custodial	$ 20.00	7) General developmental program supplies	$ 56.25
8) Equipment (Annual Replacement Costs)	General developmental program	$ 15.00	8) General developmental program	$ 15.00
9) Staff*		--	9) Staff*	
10) Classroom professional	One per 20 children @$4200/yr plus payroll taxes	235.20	10) One per 12 children @ $4200/year plus payroll taxes	$376.32
11) Classroom non-professional	One per 20 children @$4200/yr plus payroll taxes	235.20	11) One per 8 children @ $4200/year plus payroll taxes	$564.48
12) Social Service Professional	None	-0-	12) None	-0-
13) Community Social Service, Parent or Health Aide	None	-0-	13) None	-0-

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TABLE 1 (cont.)
COST COMPARISON OF CURRENT SAMPLE CENTER OPERATIONS WITH MINIMUM COSTS REQUIRED TO MEET 1972 STANDARDS*

	Current Center Costs Per Child		Projected Center Costs Per Child Under 1972 FDCR	
Category	Description	Annual Cost Per Child	Description	Annual Cost Per Child
14) Clerical/ Bookkeeping @ $3600	One per 135 children	$ 26.66	14) One per 67 children	$ 53.33
15) Maintenance @ 3600	One per 135 children	26.66	15) One per 135 children	26.66
16) Special resource (Psychology, Music, Art Consultants)	Urgent need	5.00	16) Urgent need	5.00
17) Supervisor @ $6000	One per 50 children	124.71	17) One per 61 children	97.07
18) Training	None: In-service only included in staff salaries	-0-	18) None: In-service only included in staff salaries	-0-
19) Miscellaneous	Insurance, advertising, repairs, etc.	45.67	19) Insurance, advertising, repairs, etc.	45.67
Total annual cost per child		$1087.87		$1701.57
Cost per child/per day		$ 4.12		$ 6.45

accordingly, double the staff costs for caregivers. Therefore, the increased 1972 FDCR caregiver/child ratio alone adds $520.80 to the annual cost per child in this center.

Other cost additions resulting from the 1972 FDCR include staff support to the parent policy advisory body, clerical time for increased record keeping, an additional meal for children in care nine hours or more, and some additional supplies. Assuming that the sample center already meets all local codes pertaining to fire extinguishers, fencing, etc. the annual cost per child would increase $613.09 to an annual cost of $1,701.57.

In this conservative cost projection for the sample center (e.g., assuming that professionals can be hired at $4,200 annually) there is a 56% increase in annual cost per child under the 1972 FDCR. On a daily basis, the cost to the operator for providing care would be raised from $4.12 per child to $6.45. Assuming a reasonable profit (10%), the cost to parents would be, minimally, $7.10 per child per day. This same inflated figure may be a conservative estimate of cost per day for those non-profit and public centers which pay a more competitive wage to staff.

Implications of the 1972 FDCR Cost Requirements for Centers.

1. At present, no state in the Region is allowing more than $5.00 per day per child maximum payment. Thus, the center would take a $2.33 loss per day on each federally funded child unless the state rates changed. Since the primary FDCR cost increase is for staff, rather than facility, no center type would be able to avoid these costs.

2. More private profit providers would refuse to accept federally funded children if accepting them meant that the annual cost of care would be raised to a level which private pay parents could not afford.

   The majority of the working single parents who responded to the parent questionnaire earn less than $100 per week. Thus, the required monthly payment for one child in care would take more than one fourth of their monthly salary ($141.90 per month).

3. With private providers less likely to accept federally funded children, day care would become segregated by the earning level of parents.

4. Private non-profit centers and public centers would require more public funding per child to operate. In the modest sample center program, there would be a 56% increase in costs per child under the 1972 FDCR.

5. If centers of any type (private, non-profit, public) could not afford to pay for the required increases, they would have to close. This would reduce the amount of available day care.

Family Day Care Costs.

In order to provide an idea of the family day care home provider's annual income in each state, the following pages display what that income would be under a series of cost assumptions. The providers own figures show that the maximum earnings possible in this setting are rarely approached. However, we can examine the projected impact of the 1972 FDCR against the standard baseline provided by the following constructed income charts:

Assumptions Re:

Family Day Care Income

-- The income is that of a "typical" provider who cares for an average of 4.3 children per day (the average number of children for which all homes visited were licensed).

-- All children in the home are unrelated, so the state pays a full rate for each child.

-- All children are receiving full-day care 22 days per month.

-- The family day care provider is receiving the maximum allowable state payment for each child:

a) $5.00 daily maximum — Alaska
b) 5.00 daily maximum — Washington
c) 3.50 daily maximum — Oregon
d) 3.00 daily maximum — Idaho

Constructed Gross Annual Income

for Family Day Care Providers

a) Alaska and Washington

```
$    5.00 /child/day
     x4.3 children in care
     1500
    2000
    21.50 daily gross earnings
     x 22 days/month
     4300
    4300
   473.00 gross monthly earnings
     x 12 months
    94600
   47300
 $5676.00 gross annual earnings
```

Gross hourly earnings for an average 11 hour day* would be $1.95.

* * *

b) Oregon

```
$    3.50 /child/day
     x4.3 children in care
     1050
    1400
    15.05 gross daily earnings
     x 22 days/month
     3010
    3010
   331.10 gross monthly earnings
     x 12 months
    66220
   33110
 $3973.20 gross annual earnings
```

Gross hourly earnings for an average 11 hour day would be $1.37.

* * *

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*No single child may be in care 11 hours per day, but the provider must care for one or more children during the full 11 hours. Thus, her hourly rate should be based on this figure.

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c) Idaho

```
$    3.00 /child/day
     x4.3 children in care
      900
     1200
    12.90 gross daily earnings
     x 22 days/month
     2580
    2580
   283.80 gross monthly earnings
     x 12 months
    56760
   28380
 $3405.60 gross annual earnings
```

Gross hourly earnings for an average 11 hour day would be $1.17.

* * *

If, in fact, average home care provider income even approximated this full-enrollment, full-day, full-year amount, costs incurred through providing food and utilities, insurance coverage, repairs and other expenses might not seem as high as they currently do. The 276 family day care providers interviewed in this study estimated their actual gross annual earnings. In Washington and Alaska--contrasting with the possible $5,700 income from caring for four unrelated children full-day, year round in those states--more than 78% of the providers earn $3,000 or less per year. In Oregon, with a $3.50 daily maximum, 72% of the family day care providers earn $1,500 or less annually rather than the figure of $3,973. Of the Idaho providers who operate under a $3.00 per day ceiling, 85% estimate their annual earnings at $1.500 or less, rather than the potential $3,406 under full-enrollment.

From the providers annual earnings must be deducted the following costs:

-- Food for the children in care.

-- Utilities.

-- Extra repairs and cleaning supplies.

-- Cost of toys, crayons bicycles, etc.

-- Gas for private car when it is used for field trips or transporting children.

-- Telephone (if extra costs involved).

-- Liability insurance (if available).

-- Bad debts.

-- Taxes and FICA.

Although estimates of these expenses vary widely from home to home, close record of 25 family day care providers' costs was kept by the Community Family Day Care Project.* The providers in this project received gross hourly earnings of $1.48 for an 11 hour day (this compares closely with our constructed hourly rates in Washington and Alaska--$1.95; Oregon--$1.37; and Idaho--$1.17). The providers daily expenses were recorded for the project for such items as food, utilities, supplies, equipment, insurance, bad debts, rent, etc. These expenses were averaged and after subtracting those costs from the weekly earnings the average net hourly rate for family day care providers was $.72 or 51% lower than the gross hourly rate. Applying the same cost proportion to the gross hourly rate in the states of Region X, the net hourly family day care provider earnings after expenses would be:

Washington	$.96
Oregon	.70
Idaho	.57
Alaska	.96

Implications of the 1972 FDCR Cost Requirements for Family Day Care Homes.

The 1972 FDCR affect family day care home costs less than they do center costs. This is true with the exception of group settings which care for up to 10 or 12 children and require an additional caregiver, thereby reducing the providers daily earnings by half.

Although proportionally more family day care homes were out of compliance with items on the proposed 1972 FDCR than were centers, the areas of non-compliance were not usually so costly. For example, the main center cost item--personnel, which is so greatly affected by the changed staff/child ratio for centers, is not greatly affected in the home care situation. As long as no

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*Sale, June Solnit, Open the Door...See the People, (Pasadena, California: Pacific Oaks College, 1972) p. 73.

more than one child under three years old is in care per home, the 1972 standards would not affect the current permissible ratios in Oregon, Idaho, and Alaska (1:6). In Washington, potentially more providers would be affected. They probably would decide to reduce the number of children in their care if they actually had children up to the current 1:10 ratio permissible for children 2-12 years old.

In addition, since home care situations do not have to support special purpose day care facility expenses; meet institutional fire marshal inspections; cover employer's share of employee benefits; provide extensive special equipment (e.g., small tables and chairs, large outdoor equipment, etc.) etc., providing care in a home setting involves fewer fixed overhead costs, thereby reducing the total cost of care under any standards.

Many of the areas with which family day care providers were out of compliance with the 1972 FDCR did not involve purchasing anything to meet the standard e.g., record keeping, improved planning for emergencies, and preparation of a written daily plan. In order to comply with these requirements, providers' time would be required. In an already long, 11 hour, caregiving day, these extra time requirements could be too burdensome; and would reduce net hourly income even further.

Several additional costs would be added for many providers. These include:

-- Fire extinguishers.

-- More consumable supplies.

-- An additional meal or snack.

The following points summarize the implications of the 1972 FDCR for family day care homes:

1. Some family day care providers would have to reduce the number of children in their care in order to meet the 1972 FDCR. Since the permitted number of children is based on age, those providers interested in earning the full amount possible may decide not to accept children younger than three. It is this age group that reduces the number of children allowed; yet, no increased compensation is made for their care.

2. If initial expenses related to physical safety, such as the purchase of a fire extinguisher, first aid kit, liability insurance, and, in some instances, fencing, were added only to providers who care for federally funded children, some providers may choose not to accept them.

3. The cost to parents and providers to implement the 1972 FDCR in family day care home settings is considerably less than it would be in centers.

4. The additional provider time required for record keeping and preparing written activity schedules would reduce the net hourly income of these providers.

II. PROPOSED REGIONAL OFFICE STRATEGIES

Presently, there is considerable controversy as to the objectives of day care. It has been regarded as a comprehensive, developmental service for children and also as a more custodial, limited service which frees parents for work. These competing views have created confusion throughout governmental levels and agencies associated with day care, as well as among day care providers. The view of day care as a comprehensive, primary service is reflected in the Federal Day Care Requirements, while the states view child care as a service which supports other major priorities such as manpower training and employment. It is undeniable that the availability of day care is strongly associated with objectives that are of current national interest, such as reducing federal expenditures for welfare and/or increasing the "employability" of previously unskilled individuals. Because of this strong association, it is critical to reach a consensus on the purposes of day care and to strengthen both the vertical coordination among levels of government and the horizontal integration of efforts among the many branches and agencies of government whose activities relate to child welfare and manpower support.

The history of weak state and local commitment to day care quality standards development and to local planning for day care services, illustrates the need for federal involvement in child care, both financial aid and federal standards which ensure a minimum level of quality. In fact, the four states in Region X have upgraded their own state standards since the adoption of the 1968 Federal Day Care Requirements. However, there remains a wide variance in the relative adequacy of state standards and an uneven implementation of the federal standards in Region X.

The mere existence of the 1968 and 1972 FDCR does not posit a strong federal presence in the day care field. In fact, FDCR implementation has paralleled the traditional federal role in social services: the state plan merely undergoes a federal pro forma monitoring--compliance review and FDCR monitoring relates only to fiscal accountability. Of little concern are the capabilities of local government to implement programs, the unequal distribution of resources, or state and local performance incentives. It can be argued for many reasons, that the FDCR exist mainly on paper, with state licensing requirements serving as the effective standards for state monitoring of quality day care. In many respects, both the state and federal government face similar problems in enforcing FDCR. Neither has effective monitoring or information systems to

enforce FDCR or effective systems to plan the allocation of resources. Both manage day care in response to crises rather than based on rational planning.

Somewhere along the line...either at the federal, state, or local level...someone is going to have to monitor the use of resources, establish and enforce reasonable standards of quality and safety, and implement day care as it should be through improved integration and coordination.

The movement by the federal government toward broader block grant programs will provide new resources and responsibility to both governors and local chief executives over many social service activities. These initiatives, coupled with more integrated social services delivery programs, will test state and local capabilities to deal with social programs, including day care. This decentralization requires that the federal government work with the local governmental units to help them successfully assume these increased responsibilities for planning and delivering quality services.

Options and Strategies for Federal Involvement in Day Care.

This section briefly describes four potential federal regional strategies for improving the quality of day care. Each of the four strategies will require action by state and local agencies, as well as the Federal Region. The strategies were developed based on the findings presented in Volume II of the final report. The most striking feature of the findings was in the area of administration and coordination of federally-funded day care. The regulatory aspect of day care program administration--monitoring--was significantly understaffed. Efforts to meet other administrative responsibilities such as the development of training programs, upgrading program quality, etc., were relatively ineffectual where they did exist.

There are several terms that require definition to ensure consistent interpretation.

-- Strategy. An overall policy designed to accomplish a desired outcome.

-- Assumption. The preconditions necessary to implement the strategy.

-- Tactics. The specific actions required to implement the strategy.

-- Implications. The advantages and disadvantages of any given strategy.

-- Participant Groups. Those governmental units or groups of individuals who will interact in the implementation of a strategy.

CHARACTERISTICS OF THE FOUR STRATEGIES

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STRATEGY I

The Federal Strong Arm Strategy

A Federal-State social services development planning and coordination process--to improve the use and evaluation of day care services and to assure their quality provision. Concurrently, the federal regional office would begin a performance or quality audit, in addition to the financial audits of day care services in the four states to assure compliance with federal standards.

STRATEGY II

The Federal Deference Strategy

A Federal-State social services development planning and coordination process--to improve the use and evaluation of day care services and to assure their quality provision. Initially a strong federal presence in performance and fiscal auditing to assure compliance with federal standards. As states increase their capabilities to assure quality day care, the federal role diminishes.

STRATEGY III

The Federal Hands-Off Strategy

A federal withdrawal from day care except to provide funds for low income families in need of day care services. Minimum quality of day care will be determined at the state and local levels or by the marketplace. The federal role would be confined to fiscal auditing of the use of federal funds.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation system for day care. The federal regional office would develop quality day care guidelines for states. The states would accept these guidelines totally, in part, or reject them. The focal point for decision making regarding planning and level of quality of day care services would be at the state level.

Primary Assumptions Underlying the Four Strategies.

Assumption #1

There will be a continuation of Federal Day Care Standards.

This condition is required for Strategy I or II to be implemented.

Assumption #2

There will not be a continuation of Federal Day Care Standards.

This condition is required for Strategy III or IV to be implemented.

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Relationships of the Four Strategies to Each Other.

Common Features of Strategies I and II

Planning

Federal Region works to assure vertical coordination of day care from the local level to the federal regional level and horizontal integration of day care with all other social services.

Standard Setting

Standard setting is at the federal level with compliance monitoring at the state level. State reporting requirements to Federal Region on compliance activities.

Participant Groups

Federal regional office, state social service agencies, local units of goverment, local providers and parents.

Direction of Input

Federal regional initiatives flow down to states and local levels. Local and state input flow upward in response to federal initiatives.

Funding

Continue current sources of funding. Possible expansion of funding to include special revenue sharing and/or HUD planning grants.

* * * *

Common Features of Strategies III and IV

Planning

The option to plan or not plan lies with the state.

Standard Setting

The primary focus of standard setting is at the state level. Local units of government may decide to establish local standards which complement or exceed state standards.

Participant Groups

State social service agencies will determine who will participate. Federal regional office and local office input will be at the discretion of the states. Federal regional office will continue to monitor for fiscal accountability of federal funds.

Funding

Funding will continue from current sources, i.e., Federal Title IV-A with state matching. (Local matching will be determined on the basis of the final form of the new DHEW social service regulations.)

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Assumption

There will be a continuation of federal standards.

Federal Regional Office Tactics for Strategy I.

1. The federal regional office would increase its monitoring and performance evaluations of state administering agency activities related to day care and FDCR implementation. This would involve assigning three federal regional staff to monitor state administering agency activities and to provide technical assistance to the states as appropriate.

2. The staff assigned to monitor state activities will need to develop formal and specific FDCR monitoring guidelines both for day care provider monitoring and monitoring of state activities.

3. The staff will work with the state and local agencies in the Region responsible for planning and delivering social services. Provide assistance in the development of a planning and coordination process to ensure that quality day care issues are considered in the overall planning process for social services.

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Assumption

There will be a continuation of federal standards.

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State Tactics for Strategy I.

1. Determine the total number of mandays required to monitor day care, and assign additional staff to monitoring as needed.

2. Develop, in coordination with the federal regional office, a FDCR monitoring guide to evaluate the quality of care provided by state day care operators.

3. Develop and provide in-service training for each staff member assigned to day care monitoring to increase state competency.

4. Conduct a state-wide inventory of community resources available to provide the support services required under the 1972 FDCR.

5. Familiarize all day care operators who care for federally funded children with the new federal requirements.

6. Conduct a study of the costs of providing care under the 1972 FDCR and adjust the payment schedule to reflect the increased costs.

7. Develop a set of standardized forms for federally-supported day care operators to use for record keeping purposes.

8. Write and implement a grievance procedure for parents of children in federally-supported settings.

9. Develop an interview guide for providers to use when interviewing parents at time of enrollment.

10. Offer all day care providers a low cost liability insurance at the time of licensing.

11. Develop the needed support systems to gather and process the information required for a quarterly action report to Federal Region X.

12. Modify current organizational structure and assign day care monitoring workers to regional (or local) offices.

13. In cooperation with local agencies and the federal regional office, design a social service planning and coordination process.

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Assumption

There will be a continuation of federal standards.

Local Tactics for Strategy I.

1. Obtain legislation, if needed, giving local and areawide governments the power to deal with day care planning and coordination.

2. Work with the federal regional office and the states in the design of a social service planning and coordination process.

3. Improve local information and referral sources related to day care and examine local service linkages.

4. Revitalize or rethink appropriate coordinative roles for the local 4-C groups.

STRATEGY I

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Assumption

There will be a continuation of federal standards.

Implications of Strategy I.

Potential disadvantages of the strategy are:

1. An increased cost to the federal regional office for staff and staff-related expenses.

2. An increase in the per day, per child cost at the provider level if 1972 FDCR are adopted and enforced.

3. A significant increase in administrative costs to the states to increase staff for the monitoring functions.

4. Increase in indirect costs for training providers and state staffs.

5. Increased compliance efforts could decrease the supply of day care available to federally funded children.

6. This strategy does not reward increased state capacities in monitoring and planning.

Advantages of the strategy:

1. Provides the federal regional office a mechanism to effectively monitor state activities. The monitoring system is based on standardized performance indicators.

2. Ensures that the quality of care is at least equal to the 1972 FDCR.

3. Provides both the states and the federal regional office with an action plan that is continually updated to meet changing conditions.

4. A planning process is initiated that will integrate quality day care with the other social service planning efforts.

5. A mechanism is developed to provide continuity between local, state, and federal efforts in social service delivery.

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Assumption

There will be a continuation of federal standards.

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Summary: Strategy I.

The Federal Strong Arm Strategy is a two-part strategy designed to enable the federal regional office and the states to upgrade the quality of care in Region X. The focus is on what was found to be the weakest link in the current delivery system--administration and coordination. The strategy requires an increased effort on the part of the federal regional offices in the area of performance auditing of state activities in the administration of day care programs. This performance auditing is in addition to the fiscal auditing currently underway. The states are required to increase staff in both a quantitative and qualitative sense to more effectively monitor day care providers. The second part of the strategy requires the design and implementation of a social service development planning process. This process will move quality day care issues from the periphery of social service planning and delivery to become an integrated entity with all other social services which day care supports.

STRATEGY II

A Federal Deference Strategy

A federal-state social services development planning and coordination process to improve the use and evaluation of day care resources and to assure their quality provision. Initially a strong federal presence in performance and fiscal auditing to assure compliance with federal standards. As states increase their capabilities to assure quality day care, the federal role diminishes.

Assumption

There will be a continuation of federal standards

Federal Regional Office Tactics for Strategy II.

1. The federal regional office would increase its monitoring and performance evaluations of state administering agency activities related to day care and FDCR implementation. This would involve assigning three federal regional staff to monitor state administering agency activities and to provide technical assistance to the states as appropriate.

2. The staff assigned to monitor state activities will need to develop formal and specific FDCR monitoring guidelines both for day care provider monitoring and monitoring state activities.

3. The staff will work with the state and local agencies in the Region responsible for planning and delivering social services. Provide assistance in the development of a planning and coordination process to ensure that quality day care issues are considered in the overall planning process for social services.

4. The application of a deference policy requires that performance criteria be developed. These indicate the various points at which federal deference to state activities can begin to be applied. To most effectively implement a deference strategy, it is recommended that a tactic of gradual deference be used by the regional office. Gradual deference requires, first, the identification of the indicators that need to be met by the states for total federal deference. Then, as states meet or exceed one or more criteria in the deference package, federal monitoring of that component would be phased out.

The suggested deference indicators are:

1. That 95% of all types of federally-supported day care providers in a state comply with any one section of the 1972 FDCR. (An example: The section entitled Ensuring Safety of Buildings and Premises.)

2. Adequate performance of state agencies is demonstrated in the following areas:

   A. The assignment of sufficient qualified staff to monitor the day care providers under the jurisdiction of the administering agency.

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Assumption

There will be a continuation of federal standards

B. The administering agency has arranged required health services for the children in care and has a functional plan for obtaining new health statements.

C. The agency has developed a written parent grievance procedure.

D. The agency has a working plan for arranging psychological and social services for children in care.

E. The agency has developed plans for providing training for day care providers.

F. The agency has an advisory group composed of at least 50% parents and this group is functioning.

5. Application of deference can also be used when states upgrade their state standards to meet or exceed the 1972 FDCR. The state standards would take precedence over federal standards when the state standards meet or exceed federal standards.

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Assumption

There will be a continuation of federal standards

State Tactics for Strategy II.

1. Determine the total number of mandays required to monitor day care, and assign additional staff to monitoring as needed.

2. Develop, in coordination with the federal regional office, a FDCR monitoring guide to evaluate the quality of care provided by state day care operators.

3. Develop and provide in-service training for each staff member assigned to day care monitoring to increase state competency.

4. Conduct a state-wide inventory of community resources available to provide the support services required under the 1972 FDCR.

5. Familiarize all day care operators who care for federally funded children with the new federal requirements.

6. Conduct a study of the costs of providing care under the 1972 FDCR and adjust the payment schedule to reflect the increased costs.

7. Develop a set of standardized forms for federally-supported day care operators to use for record keeping purposes.

8. Write and implement a grievance procedure for parents of children in federally-supported settings.

9. Develop an interview guide for providers to use when interviewing parents at time of enrollment.

10. Offer all day care providers a low cost liability insurance at the time of licensing.

11. Develop the needed support systems to gather and process the information required for a quarterly action report to Federal Region X.

12. Modify current organizational structure and assign day care monitoring workers to regional (or local) offices.

13. In cooperation with local agencies and the federal regional office, design a social service planning and coordination process.

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Assumption

There will be a continuation of federal standards

Local Tactics for Strategy II.

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1. Obtain legislation, if needed, giving local and areawide governments the power to deal with day care planning and coordination.

2. Work with the federal regional office and the states in the design of a social service planning and coordination process.

3. Improve local information and referral sources related to day care and examine local service linkages.

4. Revitalize or rethink appropriate coordinative roles for the local 4-C groups.

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Assumption

There will be a continuation of federal standards

Implications of Strategy II.

Potential disadvantages of the strategy are:

1. An increased cost to the federal regional office for staff and staff-related expenses.

2. An increase in the per day, per child cost at the provider level if 1972 FDCR are adopted and enforced.

3. A significant increase in administrative costs to the states to increase staff for the monitoring functions.

4. Increase in indirect costs for training providers and state staffs.

5. Increased compliance efforts could decrease the supply of day care available to federally funded children.

6. This strategy does not reward increased state capacities in monitoring and planning.

Advantages of the strategy:

1. Provides the federal regional office a mechanism to effectively monitor state activities. The monitoring system is based on performance.

2. Ensures that the quality of care is at least equal to the 1972 FDCR.

3. Provides both the states and the federal regional office with an action plan that is continually updated to meet changing conditions.

4. Federal efforts to improve quality of care are focused on those states where quality of care is lowest.

5. Enables the federal regional office to lessen their presence when the states' capabilities are increased.

6. Provides incentives to the state for improving capabilities for the administration of day care programs.

7. A mechanism for eliminating the dual licensing system is provided.

STRATEGY II

A Federal Deference Strategy

A federal-state social services development planning and coordination process to improve the use and evaluation of day care resources and to assure their quality provision. Initially a strong federal presence in performance and fiscal auditing to assure compliance with federal standards. As states increase their capabilities to assure quality day care, the federal role diminishes.

Assumption

There will be a continuation of federal standards

8. A planning process is initiated that will integrate quality day care with the other social service planning efforts.

9. A mechanism is developed to provide continuity between local, state, and federal efforts in social service delivery.

STRATEGY II

A Federal Deference Strategy

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Assumption

There will be a continuation of federal standards

Summary: Strategy II.

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The Federal Deference Strategy is designed both to accomplish an upgrading of the quality of day care in Region X and to provide incentives to the states for improved performance. This strategy requires an initial increased effort by the federal regional office in performance auditing of the states' administration of the day care program. The federal role diminishes as state capacities and capabilities increase. A mechanism is provided to eliminate the federal day care requirements as state standards more closely reflect the objectives of the FDCR.

The second part of the strategy requires the design and implementation of a social service development planning process. This process will move quality day care issues from the periphery of social service planning and delivery to become an integrated entity with all other social services which day care supports.

STRATEGY III

The Federal Hands-Off Strategy

A federal withdrawal from day care except to provide funds for low income families in need of day care services. Quality of day care will be determined at the state or local level or by the tolerance of the market place.

Assumption

There will not be a continuation of Federal Day Care Standards.

Federal Regional Office Tactics for Strategy III.

This strategy is based on the concept that the existence and quality of day care is a matter of state and local responsibility. It rejects the view that matters of developmental services for children and support services related to employment are appropriately the responsibility of the federal government. This strategy assumes that child care is not a matter of fundamental national interest, nor is it related to the national general welfare. Therefore, there is no need for federal quality standards, guidelines, or requirements for the use of federal funds for day care services. Rather, standards should vary with state and local circumstances.

If this strategy were followed, Federal Day Care Requirements would be abolished. A responsibility for assuring the quality of federally funded day care services would rest with the states and localities. Federal funds for day care would still be available, but their use would be up to the state or local government. Any lack of local capabilities to program day care monies or any problems related to the uneven distribution of services or uneven service quality are not matters warranting federal intervention. The federal government has no responsibility for state and local program mix, standards, or impact of the funds allocated for day care. Federal concern is limited to fiscal accountability, not programmatic issues.

STRATEGY III

The Federal Hands-Off Strategy

A federal withdrawal from day care except to provide funds for low income families in need of day care services. Quality of day care will be determined at the state or local level or by the tolerance of the market place.

Assumption

There will not be a continuation of Federal Day Care Standards.

State Tactics for Strategy III.

Under a Federal Hands-Off Policy, it would be each state's option as to what role, level of commitment, and quality standards would apply to day care. The level of monitoring effort and existence of sanctions for non-compliance with state standards would also be a matter of state discretion.

Under such a federal policy, several options are available to states.

1. The state could assume increased responsibility for development and monitoring standards for quality day care, and for improving day care's position among state social services.

2. The state could maintain a status quo position.

3. The state could reduce the scope of current state standards.

4. The state could withdraw from day care licensing.

STRATEGY III

The Federal Hands-Off Strategy

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Assumption

There will not be a continuation of Federal Day Care Standards.

Local Tactics for Strategy III. BEST COPY AVAILABLE

The local levels of government have several options available under this strategy, depending in part, on the role assumed by the states.

1. Develop improved local standards and integrate services.

2. Maintain the status quo.

3. Develop local planning capabilities for social services.

STRATEGY III

The Federal Hands-Off Strategy

A federal withdrawal from day care except to provide funds for low income families in need of day care services. Quality of day care will be determined at the state or local level or by the tolerance of the market place.

Assumption

There will not be a continuation of Federal Day Care Standards.

Implications of Strategy III.

The abolishment of federal standards would represent a major shift in federal policy. The potential disadvantages of this strategy include:

1. Quality of day care in the states could be lowered in the absence of federal standards.

2. The potential for the federal government to assure minimum quality care for all federally funded children would be removed.

3. As federal emphasis (through standards) decreases, quality day care could become an even lower priority item at the federal, state, and local levels, with fewer resources allocated.

4. Low standards may encourage the entry of providers who have limited abilities to meet the needs of children.

The potential advantages of the strategy are:

1. There are no additional costs for the federal regional office.

2. Possible decrease in the cost of day care at the provider level, as minimum standards become less demanding.

3. Probable reduction in costs to the states because of reduced staff needs for monitoring.

4. Reduced indirect costs if no training is given to day care providers.

5. A possible increase in the supply of day care.

STRATEGY III

The Federal Hands-Off Strategy

A federal withdrawal from day care except to provide funds for low income families in need of day care services. Quality of day care will be determined at the state or local level or by the tolerance of the market place.

Assumption

There will not be a continuation of Federal Day Care Standards.

Summary: Strategy III.

The Federal Hands-Off Policy removes the federal government from any involvement in day care except the purchase of day care services. The quality of care available will be determined by the actions of state and local governments which decide what day care standards they will require providers to meet. The probable consequence of this strategy would be lower quality care available to consumers in many states and a more uneven distribution of quality care opportunities.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation systems for day care. The federal regional office would develop guidelines for the states for quality day care standards. The states would be able to accept these guidelines totally or in part, or reject them. The states would be the focal point for decision making regarding planning and levels of quality of day care services.

Assumption

There will not be a continuation of Federal Day Care Requirements.

Federal Regional Office Tactics for Strategy IV.

This study indicates that states, while varying widely on their licensing regulations, generally all have mounted minimal efforts to improve day care services programming or to provide an overall planning-resource allocation framework in which day care, as a support service, is related to other services. The emphasis on a planning framework is particularly appropriate with the emergence of general and special revenue sharing. It may be incumbent on the states to develop a framework so that WIN resources, manpower special revenue sharing, the 4-C mechanisms, etc., are all linked and mutually supporting, particularly with a corresponding cutback in the total amount of federal aid for day care services. The wide dispersion of existing federal monies for day care further indicates a need for some overall framework within which functional programming can be undertaken for day care.

Even in the absence of federal standards, the government should encourage states and localities to maximize the impact of federal dollars expended. A mechanism for ensuring maximum impact is the development of an integrated state planning/allocation process. The federal encouragement role could include:

1. Federal support, encouragement, and technical assistance to local, regional, and state governments to develop social planning capabilities.

2. Encourage states to adopt model day care licensing and provide technical assistance in implementation.

3. Make available information gathered from evaluations of previous government pilot and demonstration on social service delivery (clearinghouse function).

4. The federal regional office would continue the current fiscal audit of day care in the four states.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation systems for day care. The federal regional office would develop guidelines for the states for quality day care standards. The states would be able to accept these guidelines totally or in part, or reject them. The states would be the focal point for decision making regarding planning and levels of quality of day care services.

Assumption

There will not be a continuation of Federal Day Care Requirements.

State Tactics for Strategy IV.

1. States should begin immediately to design a social service process to ensure the constructive phasing of general and special revenue sharing with existing social services policy processes, categorical aid, and other planning-coordination systems.

2. The states would review their current standards to determine if the model licensing law is appropriate.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation systems for day care. The federal regional office would develop guidelines for the states for quality day care standards. The states would be able to accept these guidelines totally or in part, or reject them. The states would be the focal point for decision making regarding planning and levels of quality of day care services.

Assumption

There will not be a continuation of Federal Day Care Requirements.

Local Tactics for Strategy IV.

1. It is suggested that staff support for the 4-C committee be lodged in the COG or regional planning body.

2. Metropolitan governments would do more to further the integration of social services by establishing broader and more encompassing Offices of Human Resources rather than establishing an Office of Child Care alone.

3. Engage in state-local cooperative efforts to develop a social service planning process.

4. Metropolitan and local areas (local 4-C's) should encourage linkages among local providers, such as day care systems, and information and referral services for coordinating locally available day care resources.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation systems for day care. The federal regional office would develop guidelines for the states for quality day care standards. The states would be able to accept these guidelines totally or in part, or reject them. The states would be the focal point for decision making regarding planning and levels of quality of day care services.

Assumption

There will not be a continuation of Federal Day Care Requirements.

Implications of Strategy IV.

Disadvantages of the strategy are:

1. The quality of day care is not increased in the short-run.

2. Federal monitoring is reduced to fiscal accountability, rather than performance monitoring.

3. General federal goals and objectives for day care services may not be achieved unless states voluntarily accept suggested ideas.

4. As quality day care becomes a lower priority item at the federal level, lower levels of resources may be allocated.

The advantages of the strategy are:

1. There are minimal additional costs for the federal regional office.

2. Possible decrêase in cost of day care at the provider level.

3. Probable reduction in cost of day care to the states because of reduced staff needs for monitoring, in the short-run.

4. Reduced indirect costs if no training is given to day care providers.

5. States are free to determine their own priorities and fit day care into overall priorities.

6. States are able to use the resources of the federal regional office in the manner in which they choose.

7. State capabilities for social service delivery are enhanced in the long-run if they choose to adopt model day care licensing and a social service development planning process.

8. Cost efficiencies resulting from coordinated planning and programming would save the states and localities money in the long run.

STRATEGY IV

The Federal Encouragement Strategy

The federal regional office would encourage states to develop planning and allocation systems for day care. The federal regional office would develop guidelines for the states for quality day care standards. The states would be able to accept these guidelines totally or in part, or reject them. The states would be the focal point for decision making regarding planning and levels of quality of day care services.

Assumption

There will not be a continuation of Federal Day Care Requirements.

Summary: Strategy IV.

The Federal Encouragement Strategy changes the federal role to one similar to its role prior to adoption of the 1968 FDCR. This role is the development of guidelines for day care licensing for states to adopt at their discretion. The states would determine the quality of care which would be required in the state. States would also have the option to implement a social service development process with the assistance of the federal region. The impact of this strategy on the quality of care would probably be to maintain it at the current level with a possible upgrading of quality over time.

CONCLUSIONS--FINAL RECOMMENDATIONS

The strategies presented in this section cover the two major federal policy positions on day care standards which are likely to be assumed in the near future. These positions are: the adoption of the 1972 federal standards in some form or the abolishment of federal day care requirements.*

It is Unco's viewpoint that, at the present time, there needs to be a continuation of federal day care requirements. State requirements are not yet fully comprehensive enough to assure the quality of care that the federal requirements specify. Further, without federal requirements to provide the states with a baseline for assessing quality care, it is probable that state attention to providing adequate quality standards would be irregular. From a financial viewpoint, there is an appeal to the reduced cost features of Strategies III and IV. However, the probability that the impact of these strategies would be a lower level of care wastes prior investments in upgrading care and outweighs the potential cost savings inherent in these two strategies.

Two strategies are recommended to the regional office should federal standards be continued. It is recommended that Strategy II be adopted by the federal regional office. This strategy, while having a high initial cost, does provide a continuing mechanism for the federal regional office to take action to assure a level of quality care within the region. At the same time, it builds on current state and local capabilities in the field of day care, and provides incentives to the states to increase their capacities. The impact of this strategy will be:

- -- An effective monitoring network within the Region.
- -- An information system which is continually updated on which to base decisions.
- -- A planning-allocation system which integrates day care with all other social services, and provides coordination from the local level to the federal level.

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*It should be noted that either Strategy I or II can be implemented even if the only action taken by the federal government is to continue the 1968 requirements.

-- A decreasing demand for federal regional office support and resources as state capabilities strengthen.

There are problems which need to be resolved before the 1972 FDCR can be implemented. The states in this Region have not made budgetary allowances for staff, training, etc., required to successfully implement the new standards. The other levels of government involved (federal and local) will have similar problems. To alleviate these problems, a pilot program is necessary. It is recommended that the Federal Regional Council (FRC) use the 1972 FDC Requirements as the basis for a pilot program to test the effectiveness of the FRC in carrying out its responsibilities under Executive Order 11647. Specifically, the functions of:

-- Integrated program and funding plans.

-- Supervision of interagency program coordination mechanisms.

-- Administrative procedures to facilitate day-to-day interagency and intergovernmental cooperation.

Day care is an excellent basis from which to begin because it represents the epitome of the kinds of changes in federal/state roles required under the New Federalism. There exists a set of federal standards. Numerous federal, state, and local agencies are involved in delivering day care. The FRC provides a vehicle for assessing the relationship between federal standards and specifications, and state licensing regulations, as well as mechanisms for federal/state/local cooperation.

A pilot program built upon the base data developed in this study would require the following tasks to be performed:

-- Have Region X designated as a pilot Region to implement the 1972 FDCR. (Pilot would last two years.)

-- Notify the four states of the Region of the proposed implementation strategy and the pilot program.

-- The FRC should request transfer of funds to carry out the demonstration program. These funds could cover the increased costs to the states, local goverments, and the regional

office for the initial implementation. The funds could be used to cover additional staff costs, training of staff and providers, and arranging support services. The estimated cost for these functions is $500 - $600,000 per year.

-- The FRC designates an interagency staff body to carry out the federal functions in the implementation of the strategy. This staff should report directly to the FRC regarding progress made in the program.

The primary purpose of this pilot is to demonstrate the ability of the states with sufficient financial incentives to carry out an effective enforcement program to assure quality day care. The secondary purpose of the pilot is to determine if a coordinated planning process can be designed and implemented to maximize the effectiveness of social service delivery systems.

<u>Proposed Implementation Timetable of the Pilot Program.</u>

Once approval of the pilot is received, the following timetable is recommended:

A. <u>First Quarter of Pilot Program, Federal Actions</u>:

1. In conjunction with the states, complete the monitoring guide by the end of the first quarter.

2. Provide any needed training to state staff on the use of the monitoring guide.

3. Provide any other technical assistance the states may need to implement the monitoring activities.

4. Establish the information clearinghouse and initiate dissemination of information.

5. Begin preliminary design of the planning-allocation system in cooperation with state and local units of government.

<u>State Actions</u>:

1. Assist the federal regional office in the development of a monitoring guide.

2. Identify staff needed to monitor day care providers, recruit, and train staff as needed. Deploy staff to regional office.

3. Notify providers of new requirements and conduct regional orientation meetings.

4. Develop plan to complete monitoring of one-fourth of all providers in the second quarter.

5. Design information system to support monitoring effects.

6. Begin design of a planning and allocation process in cooperation with federal and local levels of government.

Local Actions:

1. Assist federal-state staff in preliminary design of a planning and allocation process.

B. Second Quarter of Pilot Program, Federal Actions:

1. Complete design of planning and allocation process.

2. Provide any technical assistance requested.

3. Submit six-month progress report to central office.

State Actions:

1. Complete monitoring of one-fourth of day care providers and develop plan to correct noted deficiencies.

2. Identify initial training needs of providers, develop training plan, and provide appropriate training.

3. Submit quarterly action plan to federal regional office.

4. Complete design of planning-allocation process in cooperation with federal-state staff. Make any organizational changes required by the planning process.

Local Actions:

1. Complete design of planning-allocation process in cooperation with federal-local staff. Make any organizational changes required to implement the planning process.

C. Third Quarter of Pilot Program, Federal Actions:

1. Complete first performance audit of administering agencies.

2. Assist state and local government in the implementation of the planning-allocation process.

State Actions:

1. Complete quarterly action plan (an additional one-fourth of providers should be monitored).

2. Implement the planning-allocation process.

3. Submit quarterly action report with new action plan.

4. Update training plan.

5. Begin review of state standards with goals of adopting model day care licensing.

Local Actions:

1. Implement the planning-allocation process.

D. Fourth Quarter of Pilot Program, Federal Actions:

1. Complete second performance audit.

2. Submit one year progress report to central office.

State Actions:

1. Same as third quarter.

Local Actions:

1. Same as third quarter.

E. Fifth Quarter of Pilot Program, Federal Actions:

1. Complete third performance audit of administering agencies.

State Actions:

Same as third quarter.

Local Actions:

Same as third quarter

F. Sixth Quarter of Pilot Program, Federal Actions:

1. Complete fourth quarter performance audit of administering agencies.

2. Begin the application and deference as appropriate.

3. Submit 18 month progress report to central office with recommendations regarding feasibility of implementation in the other federal regional offices.

State Actions:

1. Same as third quarter.

2. Complete review of state standards and adopt model licensing laws, if possible.

Local Actions:

1. Same as third quarter.

G. Seventh Quarter of Pilot Program, Federal Actions:

1. Complete performance audits where required.

2. Continue application of deference.

State Actions:

1. Same as third quarter.

Local Actions:

1. Same as third quarter.

H. Eighth Quarter of Pilot Program, Federal Actions:

1. Same as seventh quarter.

2. End of incentive grants.

3. Submit final report to central office with final recommendations for nationwide implementation.

State Actions:

1. Same as third quarter.

2. State financial assumption after end of incentive grants.

Local Actions:

1. Same as third quarter.

Throughout the life of the pilot program, adjustments and modifications will be made, based on the experiences gained. The states will have to submit a budget to the governor which includes assumption of the financial load being covered by the incentive grants. With the necessary system in place, each level of government will have the ability to continue the strategy. Because of the continual updating of plans, the system reflects the current state of day care within the Region.