DOCUMENT RESUME

ED 078 890 PS 005 920

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TITLE Major Aspects of Day Care: Statements and Articles.
INSTITUTION Library of Congress, Washington, D.C. Congressional Research Service.
PUB DATE 27 Oct 71
NOTE 64p.

EDRS PRICE MF-$0.65 HC-$3.29
DESCRIPTORS *Child Care; *Day Care Programs; *Day Care Services; *Federal Legislation; Foreign Countries; Industry; Mothers; *Publications; Working Parents

ABSTRACT

Published material concerned with various types of day care are provided. The material has been separated into four different sections: (1) General, which describes underlying policy, trends, and the present status of day care in the United States; (2) Working Mothers, covering day care arrangements made by women in the labor force; (3) Foreign, describing various types of day care in operation outside the United States; and (4) Corporate, which describes the growing interest of business in day care. Other material that is relevant is cited and briefly discussed. The articles provided are: "Day Care Centers: Hype or Hope?" by Gilbert Y. Steiner, "Federal Child Care Corporation" a Senate Finance Committee Print, "Child Care" a Senate Finance Committee Print, "Mother's Helper--Day Care Centers Find Favor as More Women Flock into Work Service" an article in the Wall Street Journal, "Child Care Arrangements in Other Countries: Sweden" from the Congressional Record, "Child Care Arrangements in Other Countries: France" from the Congressional Record, "Minding Their P's and Q's: In Day Care, Profit and Quality Go Hand-in-Hand" from Barrons, "The Children's Hour: Day Care Centers are 'Wunderkinder' on Main and Wall Streets" from Barrons, "Learning Their ABC's: Making the Grade in Day-Care Centers Isn't Always Easy" from Barrons, and "Corporate Care for Kids" from Fortune. (Several articles that appear in the Table of Contents are not available for reproduction at this time; however, an availability statement is provided for each one.) (DB)

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MAJOR ASPECTS OF DAY CARE: STATEMENTS AND ARTICLES

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MAJOR ASPECTS OF DAY CARE: STATEMENTS AND ARTICLES

Introduction

The collection or articles contained in this multilith has been compiled in response to a growing interest in various aspects of day care. Concern with day care has expanded during the past few years, as a result of three separate occurrences. The first is the rapidly increasing number of women with children who are returning to the labor force. The second is the fact that day care is more and more frequently cited as a key ingredient in attempts to check the growing number of female-headed families on the nation's welfare rolls. In order to enable a female family head to seek and obtain employment, day care for her children must be provided. And the third development is a growing belief that early childhood education may be a major means of preventing later social problems.

In order to describe the various types of day care presently in use, the articles selected have been divided into four different sections: 1) General, which describes underlying policy, trends and the present status of day care in the United States; 2) Working Mothers, covering day care arrangements made by women in the labor force; 3) Foreign, describing various types of day care in operation outside of the United States; and, 4) Corporate, which describes the growing interest of business in day care. Of further relevance in connection with these articles are the following publications:

1) General - U.S. Congress. Senate. Committee on Finance. Child Care Data and Materials. 92nd Cong., 1st sess., Wash., U.S. Govt. Print. Off., June 16, 1971.

2) Working Mothers - Ruderman, Florence A. Child Care and Working Mothers: A Study of Arrangements Made for Daytime Care of Children. New York, Child Welfare League of America, 1968

3) Foreign - Chandler, Caroline A., Reginald S. Lourie, Ann Dehuff Peters, and Laura L. Dittman, eds. Early Child Care: The new perspectives. New York, Atherton Press, 1968.

A bill providing for the funding of comprehensive child development programs by the Secretary of Health, Education, and Welfare through a system of prime sponsors has recently been passed by both the Senate and the House of Representatives as an amendment to the 1971 Economic Opportunity Amendments (S. 2007). The House and Senate versions differ somewhat and remain to be reconciled by a Conference committee.

Other legislation involving day care is H.R. 1, the Social Security Amendments of 1971, which includes provision for child care services for families receiving assistance who need them in order to participate in employment or training programs, and a liberalization of the income tax treatment of child care expenses for families with incomes up to $12,000 per year. This bill was reported by the Committee on Ways and Means on May 26, 1971 and passed the House on June 22. It is presently before the Senate Finance Committee. In the 91st Congress, the welfare bill reported by the Senate Finance Committee, contained provision for the establishment of a federal child care corporation which is more fully discussed within this selection of articles.

NOTE: Pages 1-4 are not available for reproduction at this time. The article, "Day Care in the 1970s: Planning for Expansion," by William L. Pierce is available in the journal, Child Welfare, vol. L, no. 3, March 1971: 160-163.

Day Care Centers: Hype or Hope?

Gilbert Y. Steiner

By the end of the 1960s it was evident that under the most prosperous of conditions, public assistance was not about to wither away. A considerable fraction of the population was still outside the sweep of social security's old age pensions, survivors' benefits, or disability insurance, and also outside the sweep of the country's prosperity. "It becomes increasingly clear," the *New York Times* editorialized after the overall level of unemployment in New York City declined to 3.2 percent of the civilian labor force while at the same time the number of welfare clients in the city climbed to one million, "that the welfare rolls have a life of their own detached from the metropolitan job market."

It is detached from the national job market as well. In 1961, when there were 3.5 million AFDC recipients, unemployment as a percent of the civilian labor force nationally was a high 6.7 percent. By 1968 the national unemployment figure was hovering around a record low 3.4 percent, and there was serious talk among economists about the possible need for a higher rate of unemployment to counteract inflation. But the average monthly number of AFDC recipients in 1968 was up to 5.7 million, almost 4.4 million of whom were children. In 1969 the monthly recipient total averaged 6.7 million, and for the first six months of 1970 it was 7.9 million.

Public assistance also has a separate life outside the growth of the economy. The gross national product was $520 billion in 1961; in 1969 it was $932 billion. One of the things not expected to rise under those prosperous conditions was payments to relief recipients. Yet total payments in AFDC alone in 1961 were $1,149 million; in 1969 total payments were $3,546 million and rising rapidly.

To put all this another way, it is roughly accurate to say that during the 1960s the unemployment rate was halved, AFDC recipients increased by almost two-thirds, and AFDC

This article is an excerpt from *The State of Welfare* by Gilbert Y. Steiner, ©1971 The Brookings Institution, 1771 Massachusetts Ave., N.W., Washington, D.C. 20036

SOURCE: Transaction, vol. 8, nos. 9-10, July/August 1971: 50-55.

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money payments doubled. Whatever the relationship between workfare and welfare, it is not the simple one of reduced unemployment making for reduced dependency. How has government responded to this confounding news?

For the most part over the past ten years it has responded by tirelessly tinkering with the old welfare system. Special emphasis has been placed on preparing the welfare population emotionally and vocationally for participation in the labor market, thereby enjoying not only the economic security provided by employment itself, but also the unemployment insurance and survivors' insurance, if needed, which employment gives access to. The first such effort—the professional social service approach characterized by a stated plan emphasizing services over support and rehabilitation over relief—showed no progress after running its full five-year trial period from 1962 to 1967. And so, in 1967 a series of programs was invented in order to push relief clients to work. Work experience, work training, work incentives—whatever the titles and whatever the marginal differences in program content—were all designed, in the catch phrase often used, to move people off the relief rolls and onto the tax rolls. Each program assumed that the gulf between labor force participation with accompanying economic security benefits, on the one side, and relief status, on the other side, was bridgeable.

It was not until 1967, however, that it came to be perfectly acceptable to think of mothers with dependent small children as proper objects of the effort to get the very poor off the relief rolls and onto the tax rolls.

Agreement on this question resulted from the confluence of two separate concerns. One concern was with costs and criticisms. Representative Wilbur Mills, powerful leader of the crucial House Ways and Means Committee, viewed with alarm the costs of an unchecked public assistance program:

> I am sure it is not generally known that about 4 or 5 years hence when we get to the fiscal year 1972, the figure will have risen by $2.2 billion to an amount of $6,731,000,000 .... If I detect anything in the minds of the American people, it is this. They want us to be certain that when we spend the amounts of money that we do, and of necessity in many cases have to spend, that we spend it in such a way as to promote the public interest, and the public well-being of our people.
>
> Is it ... in the public interest for welfare to become a way of life?

A different concern motivated an HEW task force, department officials, and some of Mills' legislative colleagues. The task force showed little worry over how many billions of dollars public relief was costing, but did concern itself with the turmoil and deprivation that beset recipients in depressed rural areas and in urban ghettos. Thus, to the Mills conclusion that the costs are prohibitive, there was joined a related HEW conclusion, shared by some members of Congress, that the quality of life on welfare was intolerable.

One congressman with such a view is the only lady member of the Ways and Means Committee, Martha Griffiths. Mrs. Griffiths was especially indignant over the conditions imposed on AFDC mothers.

> I find the hypocrisy of those who are now demanding freedom of choice to work or not to work for welfare mothers beyond belief. The truth is these women never have had freedom of choice. They have never been free to work. Their education has been inadequate and the market has been unable to absorb their talents ....
>
> Can you imagine any conditions more demoralizing than those welfare mothers live under? Imagine being confined all day every day in a room with falling plaster, inadequately heated in the winter and sweltering in the summer, without enough beds for the family, and with no sheets, the furniture falling apart, a bare bulb in the center of the room as the only light, with no hot water most of the time, plumbing that often does not work, with only the companionship of small children who are often hungry and always inadequately clothed—and, of course, the ever-present rats. To keep one's sanity under such circumstances is a major achievement, and to give children the love and discipline they need for healthy development is superhuman. If one were designing a system to produce alcoholism, crime, and illegitimacy, he could not do better.

Whatever the differing motivation, HEW's task force, Mills and Mrs. Griffiths all pointed in the direction of change from the status quo. And the change agreed upon was abandonment of the heretofore accepted idea that the only employable AFDC recipients were unemployed fathers.

In 1967 the Ways and Means Committee unveiled its social security and welfare bill at about the same time that HEW Secretary John Gardner unveiled his reorganization of the welfare agencies in his department. That reorganization merged the Welfare Administration, the Administration on Aging, and the Vocational Rehabilitation Service into a new agency called the Social and Rehabilitation Service (SRS). To run it, Gardner named Mary Switzer, a veteran commissioner of vocational rehabilitation who was aptly described by a local journalist as "a diligent disciple of work." This bit of tinkering was designed to send the message through the federal welfare bureaucracy that the secretary was receptive to policy change, apparently including a new work emphasis. The great drive to employ dependent mothers and provide day care for their children thus began both in the administration and in Congress two years before President Nixon discovered it anew.

Day Care

Despite an announcement by Miss Switzer in April 1969 that a reduction in the number of people on the welfare rolls is "a top priority of the Social and Rehabilitation Service" which she asked state welfare admistrators "to make yours as well," it was really beyond the power of either Miss Switzer or the state administrators to effect a big breakthrough in the AFDC problem. The key to moving some people off the rolls is employment for the AFDC employable parent. The rub is that even training for employment, a first step, requires an expensive new industry—day care—which now lacks organization, leadership, personnel and money for construction of facilities. Moreover, once the realities of work training and day care programs are examined, it becomes evident that there is not much incentive for a poorly educated AFDC mother to accept training for herself and day care service of uncertain quality for her children.

Training AFDC mothers for employment, actually finding jobs for them, and providing day care facilities for their children present formidable problems. A recent survey of the AFDC population found that 43 percent of the mothers had gone no further than the eighth grade, including 10.6 percent with less than a fifth grade education. Work training that leads to employment at wages adequate to support a family is likely to be prolonged, at best, for this undereducated group.

The realities of the coming crunch in day care are even more troublesome. Day care provisions accompanying the 1967 work incentive (WIN) legislation did not extend to the creation of a federal program authorizing funds for new facilities. There are approximately 46,300 licensed facilities caring for 638,000 children. If every place in every licensed day care facility in the United States were to be reserved for an AFDC child under the age of six, there would be more than one million AFDC children in that age group with no place to go. There would also be consternation among the thousands of non-AFDC mothers with children of that age level who are already in day care centers.

In short, there are not enough facilities—good, bad or indifferent—to accomplish the day care job envisioned by the congressional and administration planners who still talk of moving parents from welfare rolls to payrolls. Representative Fernand St. Germain was undoubtedly right in stating in 1969 that "costs of new facilities are too much for the states to bear alone; centers will only be built in numbers that have any relation to the critical need if federal assistance is forthcoming." No one seems to have foreseen this in 1967, however, and the point never got into the HEW program memorandum that influenced the employable mother discussions and proposals of the House Ways and Means Committee.

But the day care problem goes beyond the matter of adequate space to an important philosophical and political question regarding the appropriate clientele for the service.

There is no political conflict over the proposition that a young mother suddenly widowed and left dependent on social security survivors' benefits should be supported with public funds so that she can stay home and take care of her children. Nor is there congressional discussion or any HEW proposal for day care for those children. If 94.5 percent of AFDC dependency were attributable to death of the father, there would be no congressional interest in day care to speak of.

But, in fact, 94.5 percent of AFDC dependency is not attributable to death of the father; only 5.5 percent is. Most of the political conflict and a good deal of the interest in day care is over whether the public should subsidize those women whom Senator Russell Long once called "brood mares" to stay home, produce more children—some of them born out of wedlock—and raise those children in an atmosphere of dependency.

While medical authorities and professional social workers are still divided philosophically over how accessible day care should be and to whom, Congress in 1967 and President Nixon in 1969 simply embraced the possibility of putting day care to work in the cause of reducing public assistance costs. In other words, political attention has focused less on the practical limits of day care and more on its apparent similarities to baby sitting.

Day care was simply not ready to assume the responsibilities thrust on it by the welfare legislation adopted in 1967, and it was not ready for President Nixon's proposal to expand it in 1969. Whether day care is a socially desirable or even an economical way of freeing low income mothers with limited skills and limited education for work or work training still has not been widely considered. In the few circles where it has been considered, there is no agreement. Both the 1967 legislation and the Nixon proposal for escalation should have been preceded by the development of publicly supported, model day care arrangements that could be copied widely; by attention to questions of recruitment and appropriate educational training for day care personnel; by an inventory of available and needed physical facilities; by the existence of a high-spirited and innovative group of specialists in government or in a private association or both; and by enough experience to expose whatever practical defects may exist in day care as a program to facilitate employment of low income mothers. Instead of meeting these reasonable conditions for escalation, public involvement in day care programs for children, a phenomenon especially of the last ten years, remains unsystematic, haphazard, patchworky.

The Children's Bureau Approach

For many years before 1969, the HEW Children's Bureau ran the bulk of the federal day care program. It did not encourage an approach that would make day care readily available on demand. Stressing that day care can be harmful unless it is part of a broader program overseen by a trained social worker, the bureau defined day care as a child welfare service offering "care and protection." The child in need of day care was identified as one who "has a family problem which makes it impossible for his parents to fulfill their parental responsibilities without supplementary help." The social worker was seen as necessary to help determine whether the family needs day care and if so to develop an appropriate plan for the child, to place the child in a day care program, to determine the fee to be paid by the parents and to provide continuing supervision.

Change comes slowly to child welfare—as to other specialists. Those in the Children's Bureau found it difficult to adjust to the idea of day care available to all comers and especially to low income working mothers. On the one hand, the talk from the top of the bureau has been about the need to face reality in the day care picture—"when," as one bureau chief put it as early as 1967, "thousands of infants and young children are being placed in haphazard situations because their mothers are working." On the other hand, down the line at the bureau the experts continued to emphasize the importance of the intake procedure to insure that children placed in day care "need" the service.

With this approach it might be expected that while the day care expansion movement has ground along slowly, it has ground exceedingly fine. Day care undoubtedly is a risky enterprise. Every center should have a genuinely high-quality, sympathetic environment; no center should be countenanced without clear evidence that such an environment is being created, and all centers that do not give such evidence should be discouraged. The payoff, therefore, for what might seem to be excessive caution by the Children's Bureau could have been a jewel of a limited program and no second or third rate imitations. Then, when money and will were at hand, the jewel could be reproduced.

In fact, no day care activity was discouraged, whether of low quality or not. Caution on the subject of quantity did not work to guarantee quality. Whether or not there would be any day care activity depended on the states, and the federal agency was accommodating, both because it was hard to interest the states in day care at all, and because Congress provided money in fits and starts, rather than in a steady flow. When the money did come, there was an urgent need to spend it.

Funding

Between 1962 and 1965, HEW had only $8.8 million to parcel out to the states for day care. Moreover, it was never able to count on having anything from year to year, so that it is understandable that the federal agency was in no position to threaten the states about the quality of service. The 1962 law required that federal day care money go only to facilities approved or licensed in accordance with state standards. The law said nothing about minimum federal standards. In 1962 a number of states had no day care licensing programs at all; among the states that did, the extent of licensing and the standards used varied considerably. The Children's Bureau's own guidelines were little more than advisory. To raise the quality of day care nationally, the bureau had to fall back on persuasion and consultation, weak tools compared to money.

Licensing

One certain effect of the 1962 requirement that the available federal money go only to licensed facilities was to divert a substantial part of the funds into licensing activity itself and away from actual day care services. For fiscal 1965, for example, 43 percent of the $4 million appropriated for day care was spent on personnel engaged in licensing, while only 36 percent was used to provide day care services in homes or centers. This increased licensing activity has the effect of distorting the picture of growth of day care facilities. In 1960, licensed day care facilities had a reported total capacity of 183,332; in 1965 this had increased to 310,400; in 1967 the figure was up to 473,700; in 1968 to 535,200; and in 1969 to 638,000. There is universal agreement, however, that the growth figure is mostly illusory, a consequence of formerly unlicensed facilities now being licensed.

Moreover, there is more form than substance to licensing decisions. The fact that a day care facility is licensed cannot yet be taken to mean that its physical plant and personnel necessarily satisfy some explicitly defined and universally accepted standards. Like "premium grade" automobile tires, licensed day care facilities can differ sharply in quality—and for the same reason, the absence of industry-wide standards. Licensing studies by public welfare agencies are invariably assigned to new and untrained caseworkers. The results are unpredictable and there is no monitoring body able and authorized to keep a watchful eye on who is being licensed.

Even from those who accept the simplistic assumption that only the absence of child care services and of job or training opportunities preclude AFDC recipients from becoming wage earners, there is no suggestion that just any kind of child care will do. Yet the state of the art in day care is not sufficiently advanced to make it reasonable to expect that states can meet the requirement to provide day care services other than in makeshift, low quality programs. There is clear validity in the complaint of the National Committee for the Day Care of Children that the 1967 legislation was not designed to help children develop mentally and physically, but was "a hastily put together outline for a compulsory, custodial service which is not required to maintain even minimal standards of adequacy."

Challenge from Head Start

Only a month after taking office, President Nixon called for a "national commitment to providing all American children an opportunity for healthful and stimulating development during the first five years of life." A few weeks later secretary of HEW Robert Finch welcomed the delegation of the Head Start program to HEW as the occasion for a new and overdue national commitment to child and parent development. Finch indicated publicly that he was not inclined to put Head Start in the Children's Bureau and instead placed it in a new HEW Office of Child Development (OCD) where the Children's Bureau was also transferred. Social planners in HEW, the Bureau of the Budget and the White House envisioned a new era: day care programs for low income children would be modeled on Head Start; simple custodial arrangements would not be tolerated; parents would be involved. The way for this happy outcome had already been paved by issuance of the Federal Interagency Day Care Requirements, a joint product of HEW and OEO, approved in the summer of 1968.

Things have not worked out. Whatever Finch's initial intention, the day care programs operated by the Children's Bureau never made it to the OCD. In September 1969 a new Community Services Administration was created within the Social and Rehabilitation Service to house all service programs provided public assistance recipients under social security. The Head Start bureau of the OCD, according to the terms of the reorganization, was given some responsibility in Social Security Act day care programs—to participate in policy making and to approve state welfare plans on day care. But effective control of the money and policy in the day care programs remains with the Social and Rehabilitation Service. President Nixon's "commitment to providing all American children an opportunity for healthful and stimulating development during the first five years of life" has so far produced more talk than money.

A High Cost Service

There has simply not been enough thinking about the benefits and costs of a good day care program to merit the faith political leaders now express in day care as a dependency-reducing mechanism. Federal day care program requirements are, for the most part, oriented to the idea of day care as a learning experience. They are, therefore, on a collision course with supporters of mass day care as an aspect of the struggle to reduce welfare costs. The high-quality program requirements reject simple warehousing of children, but the prospects for meeting high standards are not good. It seems inevitable that there will be disappointment both for those who think of day care as a welfare economy and for those who think of day care for AFDC children as an important social and educational advance.

Consider the situation in the District of Columbia, which is reasonably typical of the day care problem in large cities. The District Public Welfare Department (DPW) in May 1969 was purchasing child care for 1,056 children, of whom about 400 were children of women in the WIN program. Of the total 1,056 children, 865 were in day care centers, 163—primarily infants too young to be placed in centers—were in family day care homes, and 28 were in in-home care arrangements, a service considered practical only for large families. The total anticipated day care load for the end of fiscal 1969 was 1,262. District day care personnel estimated that 660 AFDC mothers to be referred to WIN during fiscal 1970 (on the basis of 55 per month) would need, on the average, day care for 2 children. These additional 1,320 children would bring the likely number for whom the District would be paying for care to 2,582 by July 1, 1970. Budget requests for day care for fiscal 1970 totaled $3,254,300 in local and federal funds ($1,148,000 of local funds brings $2,106,300 in federal money). Of this amount, about $3 million is for purchase of care, the remainder for administrative expenses. If budget requests were met, the purchase cost of day care in the District would thus be expected to average almost $1,200 per child. Costly as that may seem to be, it represents only a little more than half the actual cost.

It is the beginning of day care wisdom to understand that it is an expensive mechanism and to understand that there are qualitative differences in the care provided. The elegantly stated effort of the DPW is to secure "in addition to good physical care, the kind of exceptionally enriched day care experience that is specifically designed and programmed to stimulate and promote the maximum in emotional, physical, and educational growth and development of the child." Alas, one-third of the centers with which the DPW contracts only "offer primarily custodial and protective care," a code phrase for warehousing. Fees paid day care centers by the District Welfare Department are supposed to be a function of the quality of services offered. Grade A centers are paid $4.00 a day, B centers $3.00 a day, and C centers $2.50 a day. The department's Standards for Day Care Centers say that it uses a fee schedule for two reasons: "to assure that proper value is received for each dollar spent and, secondly, to provide a monetary stimulus to contract day care facilities to up-grade the quality of their services to meet the Department's maximum expectations." Each center's "rating," known only to it and to the Welfare Department, is for "internal use" and is not revealed to the welfare mother because, according to department officials, it would not be fair to the center to do so. A more pertinent question is whether it is fair to the mother, since 25 of the 55 centers from which day care is purchased are graded B or C, and since half of all placements are in B or C centers.

All centers—whether A, B or C—must meet the Health Department's licensing requirements, as well as additional specific standards set down by the Welfare Department in the areas of educational qualifications of personnel, program content, and equipment and furnishings. Yet there are two problems with this seemingly tidy picture. The first is the insistence of close observers that while the Welfare Department's standards for centers look satisfactory on paper, they have not been put into practice very consistently. The second is that even the paper standards will not do when the federal interagency standards become effective July 1, 1971. Spokesmen for the National Capital Area Child Day Care Association (NCACDCA) and District Health Department licensing personnel are critical of the Welfare Department's day care operation. Both suggest there is a lack of awareness in the Welfare Day Care Unit of what constitutes good day care. That high ranking is reserved, in the judgment of these people, for the centers operated by NCACDCA. The critics complain that only the NCACDCA centers can legitimately meet the Welfare Department's own A standards and maintain that the other A centers simply do not meet them. They claim, for example, that one way these latter centers "meet" the educational qualifications for personnel is to list as a director an "absentee"—perhaps a kindergarten teacher in the District of Columbia school system or that of a neighboring county.

No one disputes that most centers in the District cannot meet the Federal Interagency Day Care Requirements—particularly the child-adult ratios and the educational qualifications for staff. Even a good number of the A centers do not meet the child-adult ratio requirements, and the B and C centers meet neither the staff educational qualifications nor the child-adult ratios of the federal requirements. If the day care centers have not met the federal standards by July 1, 1971, DPW cannot continue making payments on behalf of children for whom it receives federal matching funds. But in the District Welfare Department the view is that the requirements are unrealistic and that widespread complaints from private users who cannot afford the costs involved may result in a lowering of standards.

All the evidence suggests that day care is expensive whether the auspices are public, private or mixed. In a curiously chosen experiment, the Department of Labor decided in 1969 to fund an experimental day care program for its own employees at a time when emphasis was presumably being placed on supporting day care for the welfare poor. Its estimated budget for the first full year of care for 30 children was $100,000, one-third of which was for nonrecurring development costs, including renovation for code compliance, equipment and evaluation. Tuition from the group of working mothers involved amounted to only $7,300, leaving $59,600 of public funds necessary to provide care for 30 children—a subsidy of almost $2,000 per child without considering nonrecurring cost items. Doubling the number of children served the second year would require a budget of $100,000, resulting in an average annual per child cost over the two years of $1,850, or of $2,225, if the renovation and equipment items are not dismissed as readily as the department sought to dismiss them in its official explanation.

The National Capital Area Child Day Care Association estimates costs at almost $2,400 per child per 50-week year. Its standard budget for a 30-child center exceeds $71,000. Tight-fisted budget examiners might effect reductions, but they cannot be consequential unless the pupil teacher ratio is drastically revised. Morever, NCACDCA salary figures are unrealistically low. Head teachers for a 30-child center are hard to come by at $7,300. (See table.)

If these per child costs of desirable day care are projected nationally, the annual bill for all preschool AFDC children must be figured conservatively at $3 billion.

Standard Day Care Center Budget for Thirty Children for One Year

A. *Personnel*	
3 Full-time teachers (head teacher, $7,300; teacher, $7,000; teacher assistant, $4,700)	$19,000
2 Full-time aides ($4,140 each)	8,280
1 Half-time clerk	2,400
Part-time maintenance help (cook, $2,610; janitor, $2,024)	4,634
Substitute (teacher aide, $4,300) and part-time student aide ($1,214)	5,514
Subtotal	$39,828
Fringe benefits (11 percent)	4,381
Total	$44,209
B. *Consultant and Contract Services*	
Part-time social worker ($2,500), psychiatric consultant ($5,000), and educational consultant ($1,000)	$8,500
Dietitian	500
Dental and emergency medical service	450
Total	$9,450
C. *Space*	
Rent ($1,800); custodial supplies and minor repairs ($1,800)	$3,600
D. *Consumable Supplies*	
Office, postage, and miscellaneous (blankets, towels, etc.)	$450
Educational ($400) and health supplies ($30)	430
Food and utensils	4,674
Total	$5,554
E. *Rental, Lease, or Purchase of Equipment*	
Children's furniture ($3,000) and office equipment ($200)	$3,200
Equipment: basic (easels, blocks, etc., $1,500); expendable (dolls, puzzles, books, etc., $700); outdoor, with storage ($1,000)	3,200
Total	$6,400
F. *Travel*	
Staff ($240) and children's trips ($720)	$960
G. *Other*	
Telephone ($36 a month; installation $50)	$482
Insurance (liability, property, and transportation liability)	$700
Total	$1,182
Total project cost	$71,355
Child cost per year	$2,378

Source: Derived from budget of National Capital Area Day Care Association, Inc., Washington, D.C., August 1968.

Client Arithmetic

Most women in the District of Columbia WIN program are being trained in clerical skills in anticipation that they will take jobs with the federal government as GS-2s. This is an optimistic view since most trainees have ninth to eleventh grade educations while a GS-2 needs a high school diploma or equivalency or six months' experience and the ability to pass a typing test. That problem aside, the District AFDC mother who completes work incentive training and is placed in a GS-2 job will be better off financially than the mother who stays on welfare. Her gain will be greater the smaller the size of her family. She will have fewer children to support on her fixed earnings, whereas the larger the family on AFDC, the larger the grant.

For many a female head of a family of four in the spring of 1970, however, the work and day care arithmetic was not encouraging as the following illustration shows. If the GS-2 mother has three children and claims four exemptions, about $39 of her monthly salary of $385 is deducted for retirement ($18.50) and for federal ($17) and local ($3.50) taxes, leaving a take home pay of about $346 a month. If two of the three children are in Welfare Department child care arrangements, placed there when the mother entered the WIN program, the mother would pay the department about $6.00 a week toward their care; if the mother had only one child in care, she would pay $5.50. Assuming two children in care, the mother's monthly cost would be about $26, lowering her net earnings to $320.

Suppose, however, that the woman stayed on AFDC. The average benefit for a four-person family on AFDC in the District would bring her $217 monthly. Both the welfare mother and the working mother would be eligible for Medicaid, but only the welfare mother would be eligible for food stamps. For $60 a month she could receive $106 in food stamps, a gain of $46. The welfare mother's child could also receive free lunches at school while the working mother's could not. (The working mother is considerably above the income scale used to determine eligibility for free lunches, although in cases where it is felt children are going hungry, exceptions to the income scale can be made.) A school lunch costs 25 cents in the District's elementary schools. If the welfare child took advantage of the free lunch the mother would save about $5 a month. Thus, the welfare mother would end up with a total of about $268 in welfare, food stamps and school lunches while the working mother would have about $320 a month. In addition, the 1967 welfare amendments allow a welfare mother to earn $30 per month without loss of benefits. The net gain for working full time compared to working only 19 hours a month at the minimum wage is thus reduced to $22. From this, the working mother would have expenses to cover such items as transportation and extra clothes for herself and might have to make some after school care arrangement for her third (school-aged) child.

City Arithmetic

How much work training and day care can save the District of Columbia will depend on how many trainees complete training successfully, get a job and keep it, and on how many children of trainees need child care. The Welfare Department will benefit financially by the AFDC mother's entering a training program and becoming employed as a GS-2 unless the mother has four or more children in day care—which would be most unusual. While it might give the AFDC mother of three $217 each month, the department would pay only part of her day care cost once she begins working (the department pays all costs for the first three months). With an average cost to the department for day care of $17.50 per child per week, using our hypothetical GS-2 mother with two children in day care and one in elementary school, the mother would pay $6 a week and the Welfare Department $29 a week for day care. This working mother thus represents a monthly saving to the department of about $56. If, however, the AFDC mother had four children in day care centers and one in elementary school, the mother would pay $6.50 a week toward their care (this figure is the same for three or more children) and the department $63.50. The department would thus spend $273 a month for child care—and save nothing compared to what it would have given her on AFDC to care for her own children at home.

Prospects

What are the prospects for success in turning day care into a program that will reduce the costs of AFDC? They hinge, first, on large numbers of AFDC mothers actually turning out to be trainable and able to be placed in jobs under any conditions and, second, on finding some cheaper substitute for traditional day care centers.

The difficulty in securing the physical facilities and staff needed to develop the traditional centers looked overwhelming to state welfare administrators examining the day care problem in 1967. They did, however, see some hopes for neighborhood day care, a kind of glorified, low income equivalent of the middle class baby-sitting pool. Stimulated by OEO's success in involving poor people in poverty programs, HEW early in 1967 started pushing neighborhood day care demonstration projects using welfare mothers to help care for other welfare mothers' children. This seemingly ideal solution has its own problems. One of them is sanitary and health requirements that, if enforced, disqualify the substandard housing used by many recipients. The unknown emotional condition of the AFDC mother is an equally important problem in this use of the neighborhood care idea. A spokesman for the Welfare Rights Organization warns:

> Do not force mothers to take care of other children. You do not know what kind of problem that parent might have. You do not know whether she gets tired of her own children or not but you are trying to force her to take care of other people's children and forcing the parents to go out in the field and work when you know there is no job.
>
> This is why we have had the disturbance in New York City and across the country. We, the welfare recipients, have tried to keep down that disturbance among our people but the unrest is steadily growing. The welfare recipients are tired. They are tired of people dictating to them telling them how they must live.

Not surprisingly, day care and work training through WIN are lagging as the hoped-for saving graces of public assistance. New York City's experience is instructive. In 1967 the City Council's finance committee concluded that an additional expenditure of $5 million for 50 additional day care centers to accommodate 3,000 additional children was warranted. "The Committee on Finance is informed," said its report, "that many (welfare) mothers would seek employment if they could be assured of proper care of their children while at work. We feel that expansion ... on a massive scale is called for." The mayor's executive expense budget for day care was thereupon increased by about 60 percent and appropriations in subsequent years have continued at the higher level. But the New York City Department of Social Services—like the U.S. Department of Health, Education, and Welfare—lacks a program for such a rapid expansion of day care. Actual expenditures have lagged. In contrast to the anticipated 50 new centers caring for 3,000 additional children, it was reported in June 1969 that 19 new centers accommodating 790 children had been established.

The national figures resulting from the 1967 amendments are no more encouraging. Like New York City, the federal government has not been able to shovel out the available money. Consider the situation around the time of the Nixon family assistance message. Of a projected June 1969 goal of 102,000 WIN enrollees, only 61,847 were in fact enrolled by the end of that month. Of a projected 100,000 child care arrangements, only about 49,000 children were receiving care at the end of June 1969, and 50 percent of them were receiving care in their own homes. Thus, when President Nixon proposed 150,000 new training slots and 450,000 new day care places in his August 1969 welfare message, the Labor Department and HEW had already found that 18 months after enactment of the 1967 legislation they were unable to meet more than 60 percent of their modest work and training goals or more than 50 percent of their even more modest day care goals.

WIN Loses

The gap between original projections and depressing realities held constant into 1970. The Labor Department first estimated a WIN enrollment level of 150,000 at the close of fiscal 1970, later scaled the figure down to 100,000. And as of February 1970 the cumulative WIN data took the shape of a funnel:

Welfare recipients screened by local agencies for possible referral	1,478,000
Found appropriate for referral to WIN	301,000
Actually referred to WIN	225,000
Enrolled in WIN program	129,000
Employed	22,000

As for day care, 188,000 children were initially expected to be receiving "child care"—which includes care in their own homes by grandmothers or other relatives—on June 30, 1970. The target later was dropped to a more modest 78,000. In May 1970 there were just 61,000 reported in child care, and only about one-fifth of these children were really cared for in a day care facility. Approximately one-half were cared for in their own homes, one-tenth in a relative's home, and the last one-fifth were reported to have "other" arrangements—a category that actually includes "child looks after self."

By July 1970 the House Labor-HEW appropriations subcommittee was discouraged about the progress of work training-day care activity. "It doesn't sound too good," said Chairman Dan Flood (Democrat of Pennsylvania) after hearing the WIN program statistics. The committee proposed a reduction of $50 million from the administration's request for $170 million in 1971 work incentive funds. There was no confusion about either the purpose of the program or its lack of accomplishment:

> The objective of the work incentives program is to help people get off the welfare rolls and to place them in productive jobs. While the committee supports the program, it has just not been getting off the ground for several reasons, such as poor day care standards for children.

Unfortunately, the sorry history and the limitations of day care and work training as solutions to the welfare problem could not be faced by the administration's welfare specialists in 1970 because all of their energies were directed toward support for the Nixon family assistance plan. But after a few years it will inevitably be discovered that work training and day care have had little effect on the number of welfare dependents and no depressing effect on public relief costs. Some new solution will then be proposed, but the more realistic approach would be to accept the need for more welfare and to reject continued fantasizing about day care and "workfare" as miracle cures.

B. FEDERAL CHILD CARE CORPORATION

(Sec. 510 of the bill)

At the present time the lack of adequate child care represents perhaps the single greatest impediment to the efforts of poor families, especially those headed by a mother, to achieve economic independence.

The Committee on Finance has long been involved in issues relating to child care. The committee has been dealing with child care as a segment of the child welfare program of the Social Security Act since the original enactment of the legislation in 1935. Over the years, authorizations for child welfare funds were increased in legislation acted on by the committee.

A new emphasis began with the Public Welfare Amendments of 1962, in which the committee placed increased stress on child care services through a specific earmarking of child welfare funds for the provision of child care for working mothers. In the 1967 Social Security Amendments, the committee made what it believed to be a monumental commitment to the expansion of child care services as part of the work incentive program. Although the legislative hopes have not been met, and much less child care has been provided than was anticipated, it is a fact that child care provided under the Social Security Act constitutes the major Federal support for the care of children of working parents today. Through its support of child welfare legislation and programs, the committee has shown its interest, too, in the quality of care which children receive.

As part of its continuing concern for the welfare of families with children who are in need, the committee is proposing a new approach to the problem of expanding the supply of child care services and improving the quality of these services. The committee bill thus includes provision for the creation of a Federal Child Care Corporation, with the basic goal of making child care services available throughout the Nation to the extent they are needed. It is the committee's belief that this new and innovative approach to child care services can make a substantial impact on the Nation's problems of poverty and dependency.

Need for Child Care Services

The need for child care resources is great and is growing, and it reflects the increasing participation of mothers in our Nation's labor force. The number of working mothers has increased more than seven times since 1940, and has more than doubled since 1950. There are, at the present time, approximately 13 million women with children under age 18 who are in the labor force. More than four million of these women have children under age 6.

Furthermore, the number of women workers is expected to grow rapidly in the years to come, and in fact is expected to increase faster

SOURCE: U.S. Congress. Senate. Committee on Finance. Social Security Amendments of 1970. Report to accompany H.R. 17550. 91st Cong. 2nd sess., Washington, D.C., U.S. Govt. Print. Off., December 11, 1970. Senate Report no. 91-1431: 333-342.

than the number of men workers. It is estimated that by 1980, the labor force will include more than 5 million mothers between the ages of 20 and 44 who have children under age 5. This would represent an increase of more than 40 percent in the number of such mothers just over the next decade.

We know that at the present time there are many mothers who would be working if they could arrange adequate care for their children. This is as true of mothers in low-income families as it is of middle-class mothers. A recent study of welfare mothers in New York City showed that seven out of 10 would prefer to work if they could find care for their children. Similarly, studies and statistics relating to the Work Incentive Program (WIN) for recipients of aid to families with dependent children have shown that lack of child care is a major impediment preventing mothers from participating in employment and training programs.

A recent study by the Department of Health, Education, and Welfare on the Aid to Families with Dependent Children program points out that in the 1960's the proportion of AFDC women with high employment potential increased from 25.3 percent in 1961 to 44.5 percent in 1968. The researcher, Perry Levinson, stated that "as the AFDC caseload grew ever larger between 1961 and 1968, recipients were more and more women who had stronger educational and occupational backgrounds, that is, high employment potential." However, over 80 percent of the women reportedly could not take jobs because they had children under 8 at home, while more than 50 percent lacked day-care facilities.

The facts and figures document the very great demand by parents at all economic levels for child care resources. Unfortunately, we can also document the very poor supply of resources available to meet this demand.

Recent statistics indicate that licensed child care facilities today can accommodate only between 600,000 and 700,000 children. That is, of course, only a fraction of the children who now need child care services. Many "latchkey children" are left with no supervision whatsoever; other children are placed in child care programs which do not even provide custodial care of adequate quality, much less the kind of care which would meet the child's individual needs for healthy development.

The committee is concerned that in spite of greatly increased willingness to pay for child care services by both governmental institutions and by private individuals, the supply of child care services is not increasing rapidly. In 1967, when the Congress established the Work Incentive Program, unlimited Federal matching funds were authorized for child care for mothers in work and training. Despite a Federal appropriation of $25 million in fiscal year 1969, only $4 million was actually used to purchase child care. In fiscal year 1970, $52 million was appropriated but only $18 million was used. The Department of Health, Education, and Welfare showed itself unable to utilize funds appropriated by the Congress to expand the availability of child care.

A major reason for this failure to utilize the funds available was the lack of administrative organization, initiative and know-how to create and provide child care services, as well as barriers at the local level through licensing and other requirements. In other words, the present method of simply providing matching funds to the States and hoping that child care will become available is not working. It is not resulting in the necessary increase in supply.

The States themselves have had very limited resources to devote to child care, and for many of them child care services have been given a low priority. A number of State governments are not staffed to handle child care services, even on a minor scale. Many States which have established licensing requirements do not have the staff to constructively help organizations wishing to establish child care facilities to meet the licensing requirements.

In very few instances is there strong State initiative in promoting the development of child care resources. Private voluntary organizations by their own efforts alone are not capable of meeting the magnitude of need for child care services, however admirable a job they are able to do in individual instances. Local governments have shown themselves generally to be incapable of providing leadership in this area, and in many cases unnecessarily restrictive and complex local ordinances make it difficult for any group to establish a licensed child care facility.

Private enterprise has begun to move into the gap, and in some areas is doing an excellent job in providing needed child care. On its own, however, we cannot expect private enterprise to do the whole job of organizing and providing a wide range of child care services wherever they are needed in the Nation.

It is the committee's view that we need a new mechanism in facing this problem, a single organization which has both the responsibility and the capability of meeting this Nation's child care needs. It must be an organization which has the welfare of families and children at the forefront, an organization which, though national in scope, will be able to respond to individual needs and desires on the local level. It must be an organization which will be able both to make use of the child care resources which now exist and to promote the creation of new resources. It must be able to utilize the efforts of governmental agencies, private voluntary organizations, and private enterprise.

The new Federal Child Care Corporation, which would be created under the committee bill, is intended to be such an organization.

Establishment of Federal Child Care Corporation

The basic goal of the Corporation would be to arrange for making child care services available throughout the Nation to the extent they are needed. As its first priority, the Corporation must provide services to present, past, and potential welfare recipients who need child care in order to undertake or continue employment or training.

To provide the Corporation with initial working capital, the Secretary of the Treasury would be required to lend the Corporation $50 million as working capital, to be placed in a revolving fund. With these funds the Corporation would begin arranging for day care services. Initially, the Corporation would contract with existing public, nonprofit private, or proprietary facilities providing child care services. The Corporation would also provide technical assistance and advice to groups and organizations interested in setting up day care facilities under contractual relationship with the Corporation. The committee bill would in addition authorize the Corporation to provide child care services directly in its own facilities. It would be expected that services would be provided directly only where they are not otherwise available or where the quality of existing services is unacceptably low.

FINANCING CHILD CARE PROVIDED BY THE CORPORATION

The Corporation would have three sources of funds with which to operate:

1. A $50 million loan from the Treasury to initiate a revolving fund;
2. Revenue bonds which could be sold to finance construction of facilities (this is discussed in more detail below), and
3. Fees paid for child care services.

Of the three, fees represent by far the most important source of funds.

The Corporation would charge fees for all child care services provided or arranged for; these fees would go into the revolving fund to provide capital for further development of child care services. The fees would have to be set at a reasonable level so that parents desiring to purchase child care can afford them; but the fees would have to be high enough to fully cover the Corporation's costs in arranging for the care.

It should be emphasized that the Federal Child Care Corporation which would be created under the committee bill would provide a mechanism for expanding the availability of child care services, but it would not itself provide funds for the subsidization of child care provided the children of low income working mothers. These costs would be met, as under present law, through the welfare programs, although the Federal share for child care costs would be raised from 75 percent to 90 percent (in certain cases, 100 percent). It would be expected that the Corporation would derive a major source of its funding from fees charged for child care provided the children of mothers on welfare.

In view of the past history, the committee anticipates that in most cases, welfare agencies will find it convenient to utilize the Corporation for the provision of child care services. However, the committee bill would not require them to do so.

If after its first 2 years the Corporation felt it needed funds for capital investment in the construction of new child care facilities or the remodeling of old ones, it would be authorized to issue bonds backed by its future fee collections. Up to $50 million in bonds could be issued each year beginning with the third year after the Corporation's establishment, with an overall limit of $250 million on bonds outstanding.

The committee bill is carefully designed so that the Corporation's operations and capital expenditures over the long run would not cost the taxpayers a penny. The Corporation would pay interest on the initial $50 million loan from the Treasury, interest which each year would match the average interest paid by the Treasury on its borrowings. The Corporation would further be required to amortize the loan over a 25-year period by paying back principal at the rate of $2 million annually. Finally, the Corporation's capital bonds would be sold directly to the public and would not be guaranteed by the Government, but only by the future revenues of the Corporation.

Kinds of Child Care Offered

From the standpoint of parents, the Corporation would provide a convenient source of all kinds of child care services, at reasonable fees. Like the Social Security Administration, the Corporation eventually would maintain offices in all larger communities of the Nation, where parents desiring child care services would be able to obtain them through the Corporation either directly in Corporation facilities or in facilities under contract with the Corporation. In either case, the parents could be confident that the child care services were under the supervision of the Corporation and met the standards set forth in the bill.

The bill would require the Corporation to make available a wide variety of child care services, some already well known and some unavailable in most places today. For example:

> Parents primarily interested in an intensive educational experience for their preschool-age children would be able to send their children to nursery schools, kindergartens (where these are not already provided by the school system), or child development centers such as those under the Headstart program.
>
> Parents seeking full-day child care in a facility offering a balanced program of education and recreation for preschool-age children would be able to send their children to a child care center.
>
> Parents wishing to have their preschool-age child cared for in a home setting among a small group of children under the supervision of a trained adult would be able to select a family day care home.

Parents of school-age children would be able to choose a facility whose hours and programs were patterned to complement the child's day in school. School-age child care could take the form of a recreational program run by the school itself, or it could be offered, like preschool-age child care, in a center or under trained adult supervision in a home.

Parents seeking child care during the summer vacation would be able to send their children to day camps or summer camps.

The Corporation would be required to establish temporary or drop-in child care facilities for the parent who requires child care services from time to time while taking courses at a school or university, shopping, or otherwise engaged.

The Corporation would be required to arrange for at-home child care, or babysitting. This would enable a parent to continue at work if the child became sick or had a brief school vacation. It would also assure the parent of the availability of babysitting during the day as well as in the evening when the parent was absent.

Parents requiring child care services regularly at night would be able to send them to night care facilities, primarily designed to care for the child during sleeping hours. Nurses, maintenance staff, and persons in other nighttime jobs now find it almost impossible to arrange for child care services while they work.

Parents requiring care for their children 24 hours a day for less than a month would be able to arrange for the care at a boarding facility. This kind of facility, which could be a summer camp, would provide care if the parents planned to be away for a weekend or for a vacation. If a welfare agency were purchasing care on the child's behalf, provision could be made for a disadvantaged child in a city to be sent to summer camp.

Establishing New Child Care Facilities

The Corporation will depend for its success in expanding the availability of child care services on the efforts of public and private groups at the local level in establishing child care facilities. It is the committee's hope that local parent groups, churches, and other organizations will be stimulated to establish child care facilities. Today, such groups must go through cumbersome administrative procedures to establish a child care facility, if indeed they are able to establish one at all.

Under the committee bill, they would merely need to contract with the Corporation for the provision of child care services. If the Corporation is assured that the group can fulfill its commitment, the group will be able to receive advance funding to begin operations. Moreover. certification by the Corporation will replace the present time-consuming approvals required from various agencies at the local level.

If the Corporation is in particular need of child care facilities in an area and facilities exist but are of low quality, the Corporation might contract with the understanding that the facility will be improved. If the promised improvement does not take place, the Corporation would be expected to provide child care services directly in the future rather than to continue to contract for services of unacceptable quality.

Child care services organized by parents or run with extensive parent participation have shown great promise in raising the educational level of disadvantaged children in deprived areas. Groups interested in promoting parent involvement should find it possible to establish child care facilities through the Corporation where they are unable to do so today.

Training of Child Care Personnel

The committee regrets that lack of trained personnel has hampered efforts to expand child care services in the past. It is clear that the purpose of establishing the Federal Child Care Corporation will be frustrated if this situation is not changed. Authority already exists under section 426 of the Social Security Act for the training of personnel in the child care field. It is the committee's intention that sufficient funding be sought under this authority to greatly expand child care personnel.

In addition, the committee feels that many mothers receiving Aid to Families with Dependent Children have both the inclination and the ability to provide child care for other children. It is the committee's intention that welfare mothers and other women in low-income neighborhoods where the need for child care services is greatest be given the highest possible priority in training additional child care personnel. It is with this goal in mind that the committee bill would direct the Secretary of Labor to utilize the Work Incentive Program to the maximum extent in providing training for welfare recipients to become proficient in child care.

In addition, the Corporation is authorized to conduct (either directly or by contract) in-service training programs to prepare individuals in the child care field. It is the committee's hope that these provisions will enable the Corporation to accomplish two aims at once—ending the dependency of some welfare recipients by providing opportunities in child care, and expanding child care services so that other mothers on welfare may have an opportunity for employment.

Construction of Child Care Facilities

It is the committee's view that child care services can be greatly expanded through the utilization of existing facilities not now used during the week. Schools often are not used after school hours, churches and Sunday schools are frequently available during the week. Apartment houses, public housing units, office buildings and even factories can serve as convenient child care locations, though they are seldom so used today. The committee bill provides authority for the Corporation to issue revenue bonds for capital construction costs, but it is the committee's intention that construction be resorted to only when child care services may not otherwise be provided. With the provisions of the bill discussed below, enabling facilities arranged for through the Corporation to be safe while avoiding unnecessarily stringent local building codes, it should be possible to expand facilities with only sparing resort to the construction authority.

Child Care Standards

As has been noted, of the millions of children who are not cared for by their parents during the day, well under 1 million receive care in licensed child care facilities. One of the major goals of the committee bill is to insure that the facilities providing care under the Corporation's auspices meet national child care quality standards which are set forth in the bill.

When Dr. Edward Zigler, the head of the Office of Child Development in the Department of Health, Education, and Welfare, was before the Committee for hearings on his confirmation, he was asked if he agreed that it was unnecessarily difficult to set up a licensed child care facility in a large city. Dr. Zigler replied:

> I think it is probably true that there have been so many demands placed on both profit and non-profit groups that in certain instances it is becoming ridiculous because there is overlapping responsibility on the part of local people, State people, and so forth. I think if we are serious about setting up a worthwhile social institution such as day care for working mothers we may have to develop guidelines at a national level which would have some nationwide application. It would be a standard process because now it is too difficult and it is too rigid, and I am very much afraid the professionals have overdone themselves here.

They have bent so far backwards in protecting the physical welfare at the expense of psychological wellbeing that I do not find myself in great sympathy with some of the statutes.

As Dr. Zigler points out, overly rigid licensing requirements in general have relegated children to unsupervised and unlicensed care, if indeed any care, while their parents work.

The problem is highlighted in a recent report entitled "Day Care Centers—The Case for Prompt Expansion," which explains why day care facilities and programs in New York City have lagged greatly behind the demand for them:

The City's Health Code governs all aspects of day care center operations and activities. Few sections of the Code are more detailed and complex than those which set forth standards for day care centers. The applicable sections are extremely detailed, contain over 7,000 words of text and an equal volume of footnotes, and stretch over two articles and twenty printed pages.

The provisions of the City's Health Code that apply to day care center facilities constitute the greatest single obstacle to development of new day care center facilities. The highly detailed, and sometimes very difficult-to-meet, specifications for day care facilities inhibit the development of new facilities. Obviously there must be certain minimum fire, health, and safety standards for the protection of children in day care centers. The provisions of the Health Code go far beyond this point. Indeed, some sections of the Code are a welter of complex detail that encourages inflexibility in interpretation and discourages compliance.

Section 45.11(i) of the Health Code, for example, reads: "Toilets shall be provided convenient to playrooms, classrooms and dormitories and the number of such toilets shall be prescribed by section 47.13 for a day care service, 49.07 for a school, or 51.09 for a children's institution. In a lavatory for boys six years of age and over, urinals may be substituted for not more than one-third of the number of toilets required. When such substitution is made, one urinal shall replace one toilet so that the total number of toilets and urinals shall in no case be less than the number of required toilets. Toilets and urinals shall be of such height and size as to be usable by the children without assistance."

Subsection 6 of Section 45.11 of the Health Code is another example. It prescribes lighting standards for day care centers, as follows:

(1) Fifty foot candles of light in drafting, typing, or sewing rooms and in all classrooms used for partially sighted children;

(2) Thirty foot candles of light in all other classrooms, study halls or libraries;

(3) Twenty foot candles of light in recreation rooms;

(4) Ten foot candles of light in auditoriums, cafeterias, locker rooms, washrooms, corridors containing lockers; and

(5) Five foot candles of light in open corridors and store rooms.

Legally, only those centers that conform to the Health Code may be licensed. Faced with Health Code requirements of such detail, personnel of the Divisions concerned in the Department of Health and in the Department of Social Services have had to choose between considering the regulations as prerequisites to the licensing of new day care centers or merely as goals toward which to work.

In general, the choice is made in favor of strict interpretation notwithstanding the fact that this severely handicaps the efforts of groups attempting to form centers in substandard areas.

The bill includes standards requiring child care facilities to have adequate space, adequate staffing, and adequate health requirements. It avoids overly rigid requirements, in order to allow the Corporation the maximum amount of discretion in evaluating the suitability of an individual facility. The Corporation will have to assure the adequacy of each facility in the context of its location, the type of care provided by the facility, and the age group served by it.

To assure the physical safety of children, the bill requires that facilities must meet the Life Safety Code of the National Fire Protection Association. This will provide protection for those many children today who are being cared for in unlicensed facilities, the safety of which is unknown.

Any facility in which child care was provided by the Corporation, whether directly or under contract, would have to meet the Federal standards in the law, but it would not be subject to any licensing or other requirements imposed by States or localities. This provision would make it possible for many groups and organizations to establish child care facilities under contract with the Corporation where they cannot now do so because of overly rigid State and local requirements. From the standpoint of the group or individual wishing to establish the facility, this provision would end an administrative nightmare. Today, it can take months to obtain a license for even a perfect child care facility, by the time clearance is obtained from agency after agency at the local level. Under the bill, persons and groups wishing to establish a child care facility would be able to obtain technical assistance from the Corporation; they would have to meet the Federal standards and they would have to be willing to accept children whose fees were partially or wholly paid from Federal funds, in order to contract with the Corporation.

Reporting Requirement

The bill requires the Corporation to submit a report to each Congress on the activities of the Corporation, including data and information necessary to apprise the Congress of the actions taken to improve the quality of child care services and plans for future improvement.

Board of Directors

The Corporation would be headed by a Board of Directors consisting of three members, to be appointed by the President with the consent of the Senate. The members of the Board would hold office for a term of three years.

National Advisory Council

A National Advisory Council on Child Care would be established to provide advice and recommendations to the Board on matters of general policy and with respect to improvements in the administration of the Corporation. The Council would be composed of the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, and 12 individuals (nine of them representative of consumers of child care), appointed by the Board.

Increase in Federal Matching for Child Care Services

Under present law, child care for the children of working mothers who receive public assistance may be paid for in one of two ways:

1. The child care may be arranged by the welfare agency, which would pay for the care and receive 75 percent Federal matching; or
2. A mother may arrange for child care herself and in effect be reimbursed by adding the cost of child care to her welfare payment as a work expense.

According to the Auerbach Corporation, an organization that studied the Work Incentive Program, the latter method has by far been the more common:

> Our own findings raise even more doubts about the extent to which WIN mothers may be benefiting themselves and their families through WIN. In the cities selected for the child care studies, slightly over two hundred mothers were interviewed to determine their need for child care, what they were told about child care, and how it was obtained. Our results show that not only did the overwhelming majority (eighty-eight percent) arrange their own plans, independent of welfare, but that most (eighty percent) were informed by their caseworkers that it was their responsibility to do so. Even more discouraging is that the majority of mothers (eighty-three percent) who were informed about child care by their caseworkers were left with the impression that they could make use of any service they wanted; approved services were not required.

This situation is reflected in the inability in the Department of Health, Education, and Welfare to use all the funds appropriated by the Congress for child care under the Work Incentive Program.

The committee bill would increase the Federal matching percentage for child care services under the AFDC program from 75 percent to 90 percent, with the Secretary of Health, Education, and Welfare authorized to waive the requirement of 10 percent non-Federal funds for a limited period of time when this is necessary in order for any child care services to be available. States would be required to maintain their present level of expenditures for child care services so that the additional Federal funds would not simply replace State funds.

Under present law, Federal matching is provided for all individuals who need child care services in order to participate in employment or training under the Work Incentive Program, and States are required to make such services available. States may, at their option, provide services for other past, present, or potential recipients of welfare. The committee bill retains these provisions, and 90 percent Federal matching would be available to provide services in all of these circumstances.

CHILD CARE

Child Care Services and Working Mothers

Child care has been attracting increasing attention in recent years both because of the growing proportion of mothers who work and because efforts to help the growing number of welfare mothers to become economically independent require the availability of child care services.

Participation of mothers in the labor force.—Between 1950 and 1970 the participation of women in the labor force increased from 33 percent to 43 percent. During the same period, however, the labor force participation of mothers rose even more dramatically, almost doubling over the 20 years from 22 percent in 1950 to 42 percent in 1970. Today, 11.6 million women with children under age 18 are in the labor force.

The increase has been dramatic both for women with children of preschool age and for women with school-age children only. In March 1969, 4.2 million mothers with children under 6 years of age participated in the labor force, representing 30 percent of the 13.9 million women with preschool-age children. In that same month, 7.4 million or 51 percent of the 14.5 million women with children ages 6 to 17 (but without children under 6) were members of the labor force. According to projections of the Department of Labor, labor force participation of mothers is expected to continue increasing during this decade.

Welfare mothers.—Most families receiving Aid to Families with Dependent Children today consist of a mother and children, with no father present. Of the more than 2½ million families receiving AFDC in December 1970, an estimated 1.5 million have a child under age 6. In about 700,000 of the families, the youngest child is between the ages of 6 and 12. In terms of numbers of children, one-third (2.3 million) of the 7 million children on the AFDC rolls in December 1970 were under 6 years of age, while two-fifths (2.9 million) were between 6 and 12 years old.

In view of the number of children on welfare requiring child care in order for their mothers to work, it is not surprising that a number of studies conducted by and for the Department of Health, Education, and Welfare in recent years have pointed up the major barrier to employment of welfare mothers that lack of child care represents:

SOURCE: U.S. Congress. Senate. Committee on Finance. Child Care Data and materials. 92nd Cong., 1st sess., Washington, D.C., U.S. Govt. Print. Off., June 16, 1971: 1-16.

—A study conducted by the Bureau of Social Science Research in 1969 entitled "Welfare Policy and Its Consequences for the Recipient Population: A Study of the AFDC Program" identified domestic responsibilities as one of the three major obstacles to employment. After outlining other barriers to employment, the study added (p. 126) that "in many cases it was felt that these could be overcome if suitable child care arrangements were available, and many (mothers) would prefer employment to welfare if such arrangements could be made. . . . It was, naturally enough, the younger women . . . who were most often kept from working because there were no child care arrangements available."

—An article by Dr. Perry Levinson, "How Employable Are AFDC Women?" appearing in the July-August 1970 issue of *Welfare in Review* showed that almost two-thirds of the AFDC mothers identified poor availability of day care or dissatisfaction with day care arrangements as conditions limiting or preventing their employment, while more than three-fourths of the mothers listed "young children" as an employment barrier.

—A study by Irene Cox, "The Employment of Mothers as a Means of Family Support" appearing in the November–December 1970 issue of *Welfare in Review* estimated that 45 percent to 55 percent of AFDC mothers are potentially employable because of age, education, and work experience but that two major barriers deter employment, the presence of young children being one of them.

—A study entitled "Impediments to Employment," completed in 1969 for the Department of Health, Education, and Welfare by Greenleigh Associates concluded (p. 83) that "responsibility for the care of children was an impediment to employment mentioned as frequently as lack of job skills by the women in low-income households." In an earlier assessment of the employment potential of AFDC mothers in Cook County, Greenleigh Associates found that "the most serious deterrent to employment was lack of child care. Over two-fifths of the grantees could not be employed because they had too many young children to make day care a practical solution. Another two-fifths could take advantage of day care facilities if such services were provided." (quoted in "Impediments to Employment," p. 87).

—A report by the National Analysts for the Department of Health, Education, and Welfare dated October 1970 found (p. 27) that "child care responsibilities . . . constitute the largest reported obstacle for the [AFDC] women who are not in the market for a job. . . . More than one-half (51%) of the women report child care responsibilities as a major reason for failing to seek employment."

Child Care Arrangements of Working Mothers Today

The most recent detailed information on the care of children while their mothers work is contained in a study entitled "Child Care Arrangements of Working Mothers in the United States," conducted by the Children's Bureau and the Women's Bureau based on 1965 statistics. The study showed that about half of the 8.3 million children of mothers working full time in 1965 were cared for in their own home, usually by a member of their own family or a relative. Ten percent were cared for in the home of a relative, and another 10 percent were cared for in the home of someone who was not a relative. Only three percent of the children were cared for in a group care center.

Of the children under six, 47 percent were cared for in their own home, 37 percent were cared for in someone else's home and 8 percent received care in group care centers, with the remainder in other arrangements. Of the school-age children, 50 percent received before-and-after-school care in their own home, 12 percent were cared for in someone else's home, 14 percent looked after themselves, and 16 percent required no child care arrangements because their mothers worked only during school hours.

Why do mothers select one kind of child care arrangement rather than another? In a paper entitled "Realistic Planning for the Day Care Consumer" (*The Social Welfare Forum, 1970*, pp. 127–142), Arthur C. Emlen suggests that number of children and location are factors as important in determining the type of child care arrangement as is a mother's preference in type of care.

The importance of the number of children in influencing a mother's choice of child care arrangement is shown in the Children's Bureau-Women's Bureau 1965 study; the proportion of children being cared for in their own home was 36 percent when there was only one child under 14 in the family, 46 percent when there were two or three, and 53 percent when there were four or more children. A study by Florence Ruderman (*Child Care and Working Mothers*, Child Welfare League of America, 1968) showed that one-third of child care center users and 70 percent of family day care users were within five minutes of the child care services.

Cost of child care must also be an important factor in determining a mother's choice of arrangement. Of course, these three factors (number of children in the family, proximity of child care services, and cost) are not themselves directly related to the quality of care.

A study recently completed by the Westinghouse Learning Corporation surveyed the child care arrangements in 1970 of working mothers in families in which (1) there was at least one child under age 10, and (2) total family income was under $8,000. Though the statistics are not on the same basis as the 1965 study, it appears that about the same proportion of children were cared for in family day care homes, while there was a substantial increase in the number of children receiving care in child care centers.

An increase in child care centers is similarly reflected in statistics of the Department of Health, Education, and Welfare which have shown an increase in the number and capacity of licensed or approved day care centers in recent years. A total of 13,600 day care centers with a capacity for 517,900 children were licensed in 1969, compared with 10,400 centers with a capacity for 393,300 children two years earlier. In 1969, a total of 32,700 family day care homes with a capacity of 120,400 children were also licensed, for a total capacity in licensed facilities for 638,300 children—compared with more than 8 million children under 14 whose mothers work full time.

The only State with a substantially State-supported child care program today is California; this accounts for the disproportionate share of the Nation's child care center capacity in that State. The "Child's Centers" program is run by the State Education Department; the primary purpose of the program is to serve the children of women who must work outside the home to support their families. Under a sliding fee schedule, mothers pay part or all of the cost of the child care.

The Westinghouse Learning Corporation estimates that 90 percent of the child care centers in operation in the United States are licensed, while less than two percent of the family day care homes are licensed. Most States do not require licensing of family day care homes if less than three children receive child care.

Based on their survey, the Westinghouse Learning Corporation estimated that 58 percent of the Nation's child care centers are proprietary; the rest are operated principally by churches (18 percent) or community agencies (including Community Action Agencies operating Head Start programs). The most common facilities were in homes (39 percent), with churches and buildings especially for child care each representing 22 percent of the total.

Proprietary day care centers were most often used by families with relatively higher income (almost three quarters of the users had family income above $6,000), while non-proprietary facilities were most often used by families with lower income (more than three quarters of the users had family income below $6,000). Somewhat more than half of the day care centers surveyed also provided before-and-after-school care to school-age children.

Employer and employee union involvement.—A study recently issued by the Women's Bureau ("Day Care Services: Industry's Involvement," Bulletin 296, 1971) surveyed the extent to which employers and employee unions have established child care centers for working mothers. To date, only a small number of companies and two unions are involved directly and a few others indirectly.

The Women's Bureau survey describes child care centers operated by five textile product manufacturing companies (Curlee Clothing, Mr. Apparel, Skyland Textile, Tioga Sportswear, and Vanderbilt Shirt), two food processing companies (Tyson Foods and Winter Garden Freezing Co.), and three other companies (Arco Economic Systems, Control Data Corporation, and Bro-Dart Industries). The work forces of most of these companies are predominantly female.

All of the child care facilities are within, adjacent to, or adjoining the plant facilities of the company. Two were constructed as child care centers, with the rest housed in converted residences, warehouses, or other types of space. The capacity of the centers generally ranges from 40 to 65 children, but most of the centers are not operating at capacity. Three of the centers restrict admission to the children of employees, but the rest accept other children.

The Baltimore Regional Joint Board of the Amalgamated Clothing Workers of America has opened four centers (Verona, Va.; Baltimore, Md.; Chambersburg, Pa.; and Hanover, Pa.) with a total capacity for 920 children. The centers offer educational, social, nutritional, and health services. Mothers pay $5 per week to the center, with the balance of the cost financed by employer contributions from some 70 companies for whom the mothers work. Another center, with a capacity for 75 children, is operated by the Chicago Joint Board of the Amalgamated Clothing Workers of America.

The Women's Bureau survey also describes an early childhood program established under the United Federation of Teachers contract with the New York City Board of Education. The program is designed to provide care and education to the children of teachers returning to teach in poverty area schools and to children of residents in the community.

Centers for Federal employees.—Within the Federal Government, child care centers have been set up in the Department of Labor, in the Agriculture Department Research Center at Beltsville, Md., and in the Department of Health, Education, and Welfare. Both the Labor Department and Department of Health, Education, and Welfare centers are subsidized, with parents paying fees on a sliding scale related to income, with the lowest fee being $1 per week per child. The Beltsville center is sponsored by two employee organizations, with operating costs borne by the parents.

Centers operated by hospitals.—In another recent publication ("Child Care Services Provided by Hospitals," Women's Bureau Bulletin 295, 1970) the Women's Bureau reported that 98 hospitals in 35 States were operating child care facilities for use of their personnel. The centers could accommodate about 3,700 children; almost half enrolled school-age as well as preschool-age children. Nearly all the hospitals charged fees for the services, but most subsidized child care center operational costs.

Federal Assistance for Child Care

Operational Support

Most Federal support for the cost of child care provided children of working mothers comes from programs authorized under the Social Security Act; most of the child care funds spent under that Act are related to the care of children whose mothers work. About $170 million in Federal funds was used for child care services under the Social Security Act in fiscal year 1970, and this total is estimated to rise to about $310 million in fiscal year 1971. The average number of children receiving child care under programs authorized by the Social Security Act is expected to rise from 450,000 in fiscal year 1970 to 630,000 in fiscal year 1971.

Under the Aid to Families with Dependent Children program (title IV, Part A of the Social Security Act), Federal funds are available to pay part of the cost of child care in three ways:

(1) 75% Federal matching is available to the States under an earmarked appropriation for child care services to mothers participating in the Work Incentive Program;

(2) 75% Federal matching is available to the States for child care services provided employed mothers not participating in the Work Incentive Program. Low-income mothers not on welfare but likely to become dependent may at the State's option also receive Federally-matched subsidization of child care costs under this provision; and

(3) Child care costs may be considered a necessary work expense in determining income for welfare purposes, in

effect reimbursing a mother through the welfare payment for the cost of child care.

Under the child welfare services program (Title IV, Part B of the Social Security Act), grants are made to State public welfare agencies for child welfare services; child care services may be included.

Child care under the AFDC program (other than WIN child care).—In fiscal year 1970, an average of 112,000 children of mothers either receiving welfare or likely to become dependent on welfare were provided child care under direct payment by the State welfare agency, with 75 percent Federal matching; the total Federal cost was $96 million. In fiscal year 1971, it is estimated that this amount will increase to $205 million, with an average of 170,000 children provided child care services.

States may provide a partial or total subsidy of the child care costs of low-income working mothers whose income is too high to be eligible for welfare assistance; 75 percent Federal matching is available. Most States have chosen not to take advantage of this provision. The Department of Health, Education, and Welfare reports that Illinois and the District of Columbia will pay the full cost and New York will pay most of the cost of child care up to an income limit; Alabama and Iowa will pay for child care for the first 3 months a mother is employed, and Maryland will continue subsidizing the child care costs of a former welfare mother for up to a year following employment.

Since child care costs may be subtracted from income in determining the amount of welfare a family is entitled to, all States provide partial subsidization of child care costs to families whose income would make them ineligible for welfare were the child care costs not subtracted. For example, in a State with a needs standard of $300 for a family of four, a mother with countable income of $310 may deduct $60 in monthly child care expenses and receive a $50 monthly welfare check—in effect a partial subsidy of the cost of the care.

In fiscal year 1970, an average of 265,000 children had their day care paid for by their mothers with the cost deducted as a work expense; the Federal cost was an estimated $50 million. This amount is expected to increase in fiscal 1971 to $59 million with child care provided for an average of 300,000 children.

Costs per year of child care averaged $1,140 in fiscal year 1970 when paid by the State welfare agency; the amount of child care costs deducted as a work expense averaged $315. The difference reflects the fact that in many cases only a part of the child care cost is deducted; it probably also indicates that mothers arrange for a less expensive form of child care when they are required to find it and pay for it themselves, with subsequent reimbursement.

Though the cost per year of child care paid for by State welfare agencies averaged $1,140 in fiscal year 1970, the average in the individual States varied widely. In fiscal year 1971, 13 States will average between $25 and $50 per month; 12 States will average between $50 and $100 per month; 12 States will average between $100 and $150 per month; and 10 States will average more than $150 per month.

Child care under the child welfare services grant program.—The Department of Health, Education, and Welfare estimates that about $21 million was spent in fiscal year 1969 for child care provided under the Child Welfare Services Grant program; Federal funds represented about 15 percent of this amount. An average of about 20,000 children receive child care under the child welfare services program; though priority is given to low-income mothers, they need not be welfare recipients in order to qualify.

Child care under the Work Incentive Program.—The Social Security Act (Section 402(a)(15)) requires that child care services be furnished for any mother referred to and enrolled in the Work Incentive Program. In December 1970 child care services were provided to a total of 126,000 children whose mothers were enrolled in the program.

Of this total, 57,100 of the children were under 6 years of age. About 46 percent of these preschool-age children received child care in their own home; 12 percent in relatives' homes; 15 percent in family or group day care homes; and 15 percent in day care centers.

In that same month, child care services were also provided to 68,900 school-age children whose mothers were enrolled in the Work Incentive Program. About 47 percent of these children received care in their own home; 8 percent in relatives' homes; 9 percent in family or group day care homes; 5 percent in day care centers; 6 percent of the children looked after themselves; and for 15 percent of the children, the mothers participated in the program only while the children were in school.

The types of child care arrangements made under the WIN program are thus similar to those made by working mothers generally. This is not surprising, since according to the report of the Auerbach Corporation on the Work Incentive Program, it is the mothers themselves who arrange for the child care:

> In the cities selected for the child care studies, slightly over two hundred mothers were interviewed to determine their need for child care, what they were told about child

> care, and how it was obtained. Our results show that not only did the overwhelming majority (eighty-eight percent) arrange their own plans, independent of welfare, but that most (eighty percent) were informed by their caseworkers that it was their responsibility to do so. Even more discouraging is the fact that the majority of mothers (eighty-three percent) who were informed about child care by their caseworker were left with the impression that they could make use of any service they wanted; approved services were not required.

The attitude at the local level also seems to have been a factor in the inability of the Department of Health, Education, and Welfare to use funds appropriated for WIN child care. Of $25 million appropriated for fiscal year 1969, only $4 million was used; of $52 million appropriated for fiscal year 1970. only $18 million was used.

Headstart programs.—Under the Economic Opportunity Act, grants may be made to local community action agencies or other public and private nonprofit agencies for up to 80 percent of the cost of Headstart programs. Under these programs, comprehensive health, nutrition, education, social, and other services are provided to preschool age children. The law requires that ninety percent of the Headstart enrollees come from poor families.

Most of the $324 million spent in fiscal year 1970 paid for part day and summer Headstart programs, but $107 million was used for full day programs for 89,000 children. The Department of Health, Education, and Welfare estimates that the number of children enrolled in full day programs will remain at this level in fiscal years 1971 and 1972. About one-third of the mothers of children in full-day Headstart programs are employed.

The Federal cost of full day Headstart averaged $1,200 per child in fiscal year 1970, with most States within a $1,000–$1,600 range.

Income Tax Deduction for Child Care Expenses

Under present law a woman taxpayer is eligible for a tax deduction for child care expenses if the child care is necessary in order for her to work. The deduction is limited to $600 if the woman has one child and to $900 if she has two or more children. If a woman is married and if the family income exceeds $6,000. the limitation on the deduction is reduced $1 for each dollar by which family income exceeds $6,000. Thus, for example. if family income is $6,500, the deduction may not exceed $100 if there is one child or $400 if there is more than one child.

In 1966, the most recent year for which information is available, $131 million was deducted for child care expenses on 245,000 tax returns, an average of $515 per return.

Training of Child Care Personnel

Though no one Federal program has placed primary emphasis on training people to work in child care, a number of Federal programs have provided partial support for this kind of training.

The Social Security Act (Section 426) authorizes grants to institutes of higher learning to train people to work in the field of child welfare, including child care. The funds may be used for teaching grants, traineeships or short-term training activities. In fiscal year 1970, about 1,500 persons received training in child welfare under this program, most of them at the graduate study level. It is not known how many of them received training particularly related to providing child care.

Under the Education Professions Development Act, the Office of Education provides support for projects to train and retrain persons to work in programs for children ages 3 to 9. In fiscal year 1970, about 4,600 persons were trained: 2,000 teachers with bachelor's degrees received training in early childhood education; 1,500 administrators, teacher trainers, and trainers of teacher trainers; and 1,100 teacher aides.

Another 1,000 persons received training as kindergarten aides under the Office of Education's Follow Through program from fiscal year 1970 funds.

Under the Headstart program in fiscal year 1970, 7,000 Headstart employees (mostly nonprofessional) were enrolled in college level courses related to child development and earning credit toward undergraduate degrees. Over 2,000 employees are expected to receive the Associate in Arts degree by June 1971. Another 60,000 employees participated in short orientation and inservice training programs during the summer, many of them public school teachers and assistants. Leadership development programs of 6 to 8 weeks of intensive child development skill training were offered to 2,000 persons.

The Labor Department's manpower programs offer training in several occupational areas related to child care services. In fiscal year 1970, these programs trained 150 child care attendants, 15 kindergartners, 155 nursery school teachers, 1,110 nursemaids (persons who attend children in private homes), and 100 mothers' helpers (combination maid-child attendants).

Research and Demonstrations

Research and demonstrations in the area of child care may be supported under the Social Security Act (section 426). Under this program, grants are made to public or other nonprofit organizations of higher learning and other public or nonprofit agencies and organizations engaged in research in child welfare activities, including child care.

Child care research and demonstration projects have also been supported by the Office of Child Development, the Office of Education, and the Office of Economic Opportunity.

How Much Does Child Care Cost?

In 1967, there was prepared in the Department of Health, Education, and Welfare an analysis of child care costs based on three different levels of quality: *minimum* (defined as "the level essential to maintaining the health and safety of the child, but with relatively little attention to his developmental needs"); *acceptable* (defined as including "a basic program of developmental activities as well as providing minimum custodial care"). and *desirable* (defined as including "the full-range of general and specialized developmental activities suitable to individualized development").

For full-day care in a child care center, the cost per child is estimated at $1,245 (minimum), $1,862 (acceptable) and $2,320 (desirable). Care in a family day-care home, primarily for infants under age 3, is estimated at $1,423 (minimum), $2,032 (acceptable), and $2,372 (desirable). For school-age children the cost of before-and-after-school and summer care is projected at $310 (minimum) and $653 (acceptable and desirable). The most significant item accounting for the difference in cost between the different levels of quality is the cost of additional staff. The analysis notes that costs vary in different parts of the country.

In a report to the Office of Economic Opportunity entitled *A Study in Child Care 1970–1971,* Abt Associates prepared plans for quality child care centers in which they associated an annual cost of $2,349 per child for a center with average daily attendance of 25 children; $2,223 for a 50-child center; and $2,189 for a 75-child center.

Working mothers actually pay far less than these amounts for child care. In 1965, the Children's Bureau-Women's Bureau study showed that 74 percent of all children whose mothers worked full time received free care—usually in their own home by a member of their family or relative. Only 10 percent of the children were in child care arrangements costing their mothers more than $500 annually.

In its 1970 survey of working mothers with family income of less than $8,000 using full day child care, the Westinghouse Learning Corporation similarly found that 70 percent of the children received care at little or no cost to the mother—again, mostly in their own homes. Six percent of the children were in child care arrangements costing the mother more than $650 annually.

Since both of these surveys deal only with cost to the mother, the actual cost of providing the care might be higher, with mothers receiving some form of subsidy if the Federal Government or some organization pays the portion of the cost of care not borne by the mother.

Child care costs under the Social Security Act in 1970 averaged $428 per child under the Work Incentive Program and $315 per child when the cost of care was reimbursed through the welfare payment; in both of these cases the mother usually arranged for child care herself. When the care was paid for directly by the welfare agency (and usually arranged for by the agency), the cost averaged $1,140.

The Federal cost of full day child care under the Headstart program averaged $1,200 in fiscal year 1970, with most States averaging between $1,000 and $1,600. The Federal share may not exceed 80 percent of the total cost of the program, but the non-Federal share may be in kind as well as in cash and much of it represents donated time, space, or use of equipment.

In its survey of twenty quality child care center programs, Abt Associates found that cash costs ranged from $463 to $3,433 per child-year of care, with the average for all centers $1,855. These figures relate to the average daily attendance; average cost per child enrolled would be about 12 percent lower ($1,632). In addition, most centers utilized in-kind free services, space or equipment usually representing from 25 to 50 percent of total estimated cost. Only five of the 20 child care center programs received more than 10 percent of cash costs from fees paid by parents; 13 of the 20 received Federal, State, or local subsidies amounting to at least 50 percent of cash costs.

The major cost item in all 20 programs in the Abt Associates survey was personnel; personnel costs generally represented about 75 to 80 percent of total cost. It is for this reason that the major difference between the costs of different child care programs is most likely to be a reflection of the number of children per staff member.

Barriers to Expansion of Child Care

The Auerbach Corporation in its study of child care under the Work Incentive Program outlines several barriers to the expansion of child care services for working mothers under the Social Security Act, and these are reiterated in the 1970 report of the Department of Health, Education, and Welfare on child care services under the Work Incentive Program. The barriers cited include lack of State and local funds; lack of Federal funds for construction or major renovation of day care facilities; inadequate levels of public welfare agency payments for child care; shortage of staff in public welfare agencies; shortage of trained child care personnel; and Federal, State, and local standards which are often believed to be unrealistic.

Lack of State and local funds.—The Social Security Act requires a 25 percent non-Federal share for child care costs. The Department of Health, Education, and Welfare has cited this as an obstacle to expansion of child care services under the Act.

Lack of Federal funds for construction or major renovations.—In many cities, local ordinances make it extremely difficult or impossible to utilize existing facilities as child care centers, and this has helped generate pressure for Federal construction grants. This is discussed in greater detail below.

Inadequate levels of public welfare agency payments.—Some States limit what they will pay for child care services for welfare mothers to amounts so low as to be able to purchase only very inexpensive care in family day care homes or care provided by relatives. Often, such arrangements prove to be unstable, requiring a mother to miss work or even leading to loss of her job.

Shortage of staff in public welfare agencies.—Statistics prepared by the Department of Health, Education, and Welfare show that in 1969 there were only about 1,000 full-time and part-time professional employees in the day care programs of State and local public welfare agencies. About 40 percent of the total were in four States (New York, New Jersey, Maryland, and Texas), with another 20 percent in five other States (Illinois, Indiana, Missouri, California, and Arkansas). Ten States have no professional staff in the child care area, while 8 have one, two, or three such specialists.

Shortage of trained child care personnel.—There is little information on the number of persons in the United States who have been trained as professionals or aides in the areas of child development, early childhood education, or child care. No Federal training support programs are specifically designated to train child care personnel; the Headstart program has provided training to its own employees. In addition, there is a lack of trained personnel to plan and direct the development to new child care resources.

The Auerbach report on child care under the Work Incentive Program concluded that lack of trained staff represented the greatest single barrier to the expansion of child care: "Any significant increase in child care facilities will readily show up the lack of trained staff. Directors and head teachers are so scarce that problems of financing and licensing would seem small next to lack of staff. . . . As the situation now stands, the number of graduates from Early Childhood Education (Child Development Nursery School Management, or whatever name it is given), who have also had a few years experience and could therefore qualify as head teachers and directors, is too small to meet the present need, much less any expansion in the number of facilities."

Federal child care standards.—On September 23, 1968, the Department of Health, Education, and Welfare published the "Federal Interagency Day Care Requirements" which day care programs were required to meet in order to receive Federal matching under the Social Security Act (and other Federal programs). In its report on child care under the Work Incentive Program, the Department of Health, Education, and Welfare comments that "some agencies believe the Federal Interagency Day Care Standards are unrealistic." In particular, the Federal standards for day care centers require one adult for every 5 children 3 to 4 years old, and one adult for every 7 children 4 to 6 years old. Since staffing costs represent 75 to 80 percent of child care center costs, and since more staff is required under the Federal standards than under the licensing requirements of almost all States, federally shared child care costs may be expected to become rather higher than present costs in the States. The Auerbach report on child care under the Work Incentive Program noted that "it has been estimated that to comply with the Federal Interagency Day Care Standards . . . would cost over $2,000 a year per child. This is more than can be paid by local agencies."

State licensing requirements: health and safety.—The Department of Health, Education, and Welfare comments in its report on WIN child care that "local building codes and fire and welfare ordinances often make development of day care centers difficult, especially in inner city areas where many AFDC mothers live." The Auerbach report similarly states that "the greatest stated problem [concerning physical facilities] is in meeting the various local ordinances which, according to some staffs, are prohibitive. Some examples are: windows no more than "x" feet from the floor, sanitation facilities for children, appropriately scaled, sprinkler systems, fireproof construction, etc."

The problem is also commented on in a report entitled "Day Care Centers—The Case For Prompt Expansion" which explains why day care facilities and programs in New York City have lagged greatly behind the demand for them:

> The City's Health Code governs all aspects of day care center operations and activities. Few sections of the Code are more detailed and complex than those which set forth standards for day care centers. The applicable sections are extremely detailed, contain over 7,000 words of text and an equal volume of footnotes, and stretch over two articles and twenty printed pages.
>
> The provisions of the City's Health Code that apply to day care center facilities constitute the greatest single obstacle to development of new day care center facilities. The highly detailed, and sometimes very difficult-to-meet, specifications for day care facilities inhibit the development of new facilities. Obviously there must be certain minimum fire, health, and safety standards for the protection of children in day care centers. The provisions of the Health Code go far beyond this point. Indeed, some sections of the Code are a welter of complex detail that encourages inflexibility in interpretation and discourages compliance.
>
> Legally, only those centers that conform to the Health Code may be licensed. Faced with Health Code requirements of such detail, personnel of the Divisions concerned in the Department of Health and in the Department of Social Services have had to choose between considering the regulations as prerequisites to the licensing of new day care centers or merely as goals toward which to work.
>
> In general, the choice is made in favor of strict interpretation notwithstanding the fact that this severely handicaps the efforts of groups attempting to form centers in substandard areas.

Other State licensing requirements.—Other State licensing requirements relate to staff and facilities of child care centers; States vary widely in their requirements.

In most States, it is the welfare agency that has responsibility for licensing of child care centers. Generally, any center providing care to at least four preschool-age children must be licensed; in a number of States, infants under 2 or 3 years old may not receive care in a group care center.

Table 34, pp. 70-72 State requirements on child care center staffing generally depend on the age of the children. For children age 3 or 4 years, States typically require one adult for every 10 children; for children age 4 to 6 years, one adult for every 10 to 15 children; and for children of school age, one adult for every 15 to 25 children.

Table 35, pp. 73-75 States usually explicitly or implicitly require child care center directors to be at least 21 years of age, with either experience in child care or educational preparation at the college level in child development or early childhood education. Lesser qualifications, if any, are required of other staff of the child care center. Both initial and annual physical examinations are required of center personnel in most States.

Table 36, pp. 76-78 In addition to State and local fire, health, zoning, safety, and sanitation requirements, most States require child care centers to provide at least 35 square feet of indoor space per child and 75 feet of outdoor play space; an isolation room or area must be available for children who become ill; and special provision must be made for the children's naps.

Table 37, pp. 79-82 State licensing requirements for family day care homes usually set an upper limit of 5 or 6 children (including the children of the operator), with a separate limit of not more than 2 children under age 2. Facility requirements generally include provisions for isolating sick children and adequate provision for the children's naps.

NOTE: Pages 39-44 are not available for reproduction at this time. The article, "Working Mothers," by Margaret Mead is available in the journal, Manpower, vol. 2, no. 6, June 1970: 3-6.

Mother's Helper

Day-Care Centers Find Favor as More Women Flock Into Work Service

Big Companies Plan Service; Public Facilities Grow; Franchises Are Planned

The Feminists Are Pleased

By THOMAS J. BRAY
Staff Reporter of THE WALL STREET JOURNAL

BOSTON—Until a month ago, Brenda Layne was leading the usual life of a young mother: Cooking, cleaning and, if she had a minute to spare, visiting with neighbors.

"Frankly," she says, "I was climbing the walls."

Now the 24-year-old Mrs. Layne is back at work for the first time in three years, earning $5,000 a year in the accounting section of Avco Corp.'s printing division here. She is happy with her job—"I'm not doing this so much for the financial benefits as to have something stimulating to do"—and Avco is pleased with her work. Prior to her marriage in 1967, Mrs. Layne had worked as a clerk in the data-processing section of a large bank.

Her decision to seek a job at the Avco plant wasn't by chance, however. For one thing, her husband is a supervisor in one of the printing operations there. Even more important, Avco has been operating a day-care center for preschoolers at the plant for the past 10 months. About 50 children—of whom Mrs. Layne's 19-month-old son, Oscar, is the youngest—are enrolled. A third of them are children of Avco employes; the rest come from the surrounding neighborhood, a predominantly black area in the south part of Boston. The fee is only $15 a week.

Right Down the Hall

If the day-care center hadn't existed, Mrs. Layne doubts she would have been able to return to work. "The regular baby-sitting services are too unreliable," she says. "Besides, the Avco center provides medical services and trained teachers and supervisors. And if Oscar needs me, I'm right down the hall."

The Avco day-care center is viewed—along with a similar pioneering project at a KLH stereo assembly plant in nearby Cambridge—as the possible forerunner of an important new fringe benefit. Only a handful of other companies, principally Southern textile mills, operate day-care centers at present, but scores of companies are known to be either on the verge of setting up their own centers or considering the possibility.

These include American Telephone & Telegraph Co., Polaroid Corp., John Hancock Life Insurance Co. and Zale Corp., the Dallas-based jewelry concern. A recent conference on the subject in Chicago sponsored by Urban Research Corp. drew observers from such companies as Westinghouse Broadcasting Co. and Smith Kline & French Laboratories, the drug maker.

Besides centers set up by companies to cater for their own employes' offspring, a number of firms plan to franchise day-care centers open to all. Among them are Hasbro Industries Inc., a big toy and school supply concern based in Pawtucket, R.I., and American Child Centers Inc., a subsidiary of Performance Systems Inc. of Nashville.

Administration Backing

Day-care programs run by public agencies are also expanding. The Fed--al Government now provides full or partial . ncing for day-care facilities for more than 300,000 children under various welfare and antipoverty programs, and approval of an Administration-backed bill now before Congress would add 150,000 more preschoolers to this total. The bill dovetails with Administration welfare reform proposals that place heavy emphasis on making it possible for welfare recipients to obtain job training and steady employment.

The current surge of interest in day care reflects a number of pressures. Foremost is the rapid rise in the number of working mothers. In 1969 there were 4.2 million working mothers with preschool children, up from 2.9 million in 1960, according to estimates by the Department of Health, Education and Welfare's Child Development Bureau.

Moreover, it's estimated that the proportion of working mothers with children living at home will rise to 60% to 70% during the 1970s, compared with 42% in 1960 and only 10% in 1940. "Many women with children are coming to view having a job as a right, not something that's nice if it can be arranged," says an Urban Research staffer. "Women want to pursue careers just as much as men. Why should they be chained to the home by children?"

Dramatizing a Demand

The feminist movement agrees wholeheartedly with that assessment. Recently, militant women employes at the Ladies Home Journal held sit-ins at the magazine's New York offices to dramatize what they felt was unfair treatment and limited possibilities for advancement. Among their demands was one that the magazine establ[illegible]-care center so that female employe[illegible] be forced to choose between careers and children. The Ladies Home Journal says it is looking into the matter. One problem: An on-premise day-care center would require many mothers to commute long distances with their children.

The day-care idea isn't new. Some European nations, including Russia and the Scandinavian countries, for decades have offered working mothers places to drop off small children. In the U.S., New York City set up public day-care centers in the late 1930s, and during World War II some companies offered child care so women could work on assembly lines. Two of the most extensive wartime company-run day-care operations were set up at the Portland shipbuilding facilities of Henry J. Kaiser Co., a predecessor of Kaiser Industries Corp.

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SOURCE: Wall Street Journal, vol. CLXXV, no. 70, April 10, 1970. 1

At their peak in 1944, the Kaiser child-care centers enrolled more than 800 children, many of them as young as 18 months, and were open around the clock. The staff consisted of 100 trained nursery school and kindergarten teachers, 10 nurses and several nutritionists. The children received breakfast and lunch, and if the mother wished, she could pick up a take-home dinner from the center kitchens when she called for her child at the end of a shift. The cost was $5 a week for the first child and $3.75 a week for each additional child.

Day-care experts warn that facilities are not easy to set up or cheap to operate. "There is some fairly unrealistic thinking going on, particularly among some of the franchisers," asserts Gwen Morgan, a child-care expert who was heavily involved in the KLH project and now is a consultant on the subject to the state of Massachusetts.

"Many day-care operators think they can pay the staff low wages, because most states only require the director of a day-care center to have full credentials in the field of early childhood development," says Mrs. Morgan. "But as the industry grows, there will be a lot of pressure for parity with the teaching profession—look at what happened in New York City." Last fall day-care employes in New York struck for several weeks and won a 25% salary hike this year to be followed by a 13% boost next year.

And Mrs. Morgan notes that mothers are usually reluctant to place their children in new and unproven child-care centers. In many cases their caution may be justified: Under certain circumstances, separating children under five from the home environment at an early age can be psychologically damaging. "Children need a lot of care and attention at that age," says Mrs. Morgan. "If they are just allowed to sit around without adequate supervision, they may not develop properly."

Generally speaking, however, children aren't harmed by being placed in day-care facilities, Mrs. Morgan and others say. Staying at home may prove even more of a danger in many cases, particularly when it prevents the family from earning a decent living. "The important thing is how the child perceives what is happening to him," says a New York psychiatrist. "If his placement in a day-care facility isn't viewed as a form of rejection or punishment, then he can accept it much as older children accept school."

Demand is unquestionably heavy at established facilities. New York City, whose day-care system is considered the most advanced in the country, has 118 centers serving about 8,000 children. There are 7,000 children on waiting lists. "And every time we open a new center, especially in a new neighborhood, it just seems to stimulate demand that much more," says Muriel Katz, director of the program.

Most of New York's public day-care facilities are operated by voluntary groups. Priority in enrollment is given to welfare families where the mother wishes to enter a job training program or find a job. Fees, which are on a sliding scale from $25.50 a week to $2 a week, cover only a part of expenses. City officials figure the average cost per child is about $50 a week.

The cost of day care is considerably less in other parts of the country. American Child Centers says a pilot center near the home office in Nashville turns a profit even though the weekly fee is only $21.75, including lunch. The concern plans to franchise its centers in upper-income apartment complexes, among other locations, and figures that operators should be able to realize profit margins of up to 20%.

Industrial concerns considering day-care centers hope the facilities will boost job applications from qualified women and reduce absenteeism. Mrs. Nettie Williams, a KLH employe with two children in the child-care center there, figures she used to miss three or four weeks of work a year when she was using baby-sitters. "Most of the time, the sitters wouldn't let you know until the last minute if they weren't going to show up," she says. "By then, it was usually too late to make other arrangements."

Mrs. Williams also has a son in the first grade who attended the KLH center last year, and she attributes his academic success to the day-care program of fundamental educational skills and supervised play. "He already reads and writes," she says, "and they are thinking about letting him skip a grade." Mrs. Williams, who works in the quality control section of a KLH stereo assembly operation, earns $272 a week. She pays $18 a week in daycare fees for her two younger children.

The KLH center has had its problems, however. Opened in July 1967, it reached the breakeven point in enrollment about a year later—at which point KLH began a series of layoffs that eventually cut the work force in half.

The result was a drastic falloff in enrollment. The center was set up to care for 60 children, but at one point enrollment dipped to 20. Now it's up to 51, but only because the center stopped limiting enrollment to employes' children and began accepting youngsters of welfare mothers and others in the community.

NOTE: Pages 47-53 are not available for reproduction at this time. The article, "Children of Women in the Labor Force," by Elizabeth Waldman and Kathryn R. Gover is available in the journal, Monthly Labor Review, vol. 97, no. 7, July 1970: 19-25.

NOTE: Pages 54-57 are not available for reproduction at this time. The article, "Who Raises Russia's Children?" by Susan Jacoby is available in the journal, Saturday Review, vol. LIV, no. 34, August 21, 1971: 41-44.

CHILD CARE ARRANGEMENTS IN OTHER COUNTRIES: SWEDEN

HON. DONALD M. FRASER
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 1971

Mr. FRASER. Mr. Speaker, in anticipation of the child care legislation which will soon be before this House, I would like to share with my colleagues some of the recent studies done on day care in other countries. We often neglect to learn from the development and growth of institutions in other nations. Because the United States is something of a latecomer to the field of day care, I think it might be valuable to learn more about the day care institutions of the Soviet Union, Israel, Sweden, France, and Eastern Europe.

While not all child-care practices of these countries are applicable to the problems of the United States, certainly the Soviet Union and the countries of Western Europe face similar problems as industrialized nations with highly developed systems of technology, education and mass communications.

In the next few days I will submit for inclusion in the RECORD studies of child care in the Soviet Union conducted by Urie Bronfenbrenner, one of the foremost authorities in comparitive studies of the United States and the Soviet Union's educational systems, and a series of studies of child care arrangements in East Germany, Czechslovakia, Hungary, Israel, and France.

The following report on child-care centers in Sweden was obtained by one of my staff members who recently made a tour of day-care facilities in Sweden. The author, Siv Thorsell is a consultant to the Swedish Government on child care centers.

I was particularly struck by the fact that the different facilities in Sweden are referred to as child-care centers. This in many ways reflects the difference in emphasis between a child-oriented and time-oriented system. Much of the "day care" terminology we use seems to be concerned only with time rather than children.

The fact that child-care centers are a necessary part of a society in which family patterns are constantly shifting is a growing element in the Swedish attitude toward child-care centers. As Mr. Thorsell points out in his conclusion:

> The view that children need both the preschool and the home is now gaining acceptance in Sweden. It is unreasonable to demand that the parents should meet all the child's needs, still less that the mother should accept responsibility for the child's upbringing to the extent she does now. This responsibility must be shared by both parents, both of whom need outside support.

For Children's Minds—Not Just to Mind the Children by Siv Thorsell from a report entitled "Before School Starts" available from the Swedish Institute, Hamngatan 27, P.O. Box 7072, S-103 Stockholm, Sweden. (The Swedish Institute is a nonpolitical organization chartered to run cultural and exchange programs with other countries and to furnish information on Swedish subject matter of general interest.)

The article follows:

FOR CHILDREN'S MINDS—NOT JUST TO MIND THE CHILDREN

(By Siv Thorsell)

For their personal development, children need the stimulating contacts and outside impulses offered by our child centres.

Should preschools (day-nurseries and nursery schools) look like the home, and function in the same way as the home? Obviously, they must offer children what is valuable in a good home environment; they must offer protection, food and warmth, security and human contact. That is to say they must satisfy certain fundamental physical, emotional and social needs. There are also certain things that modern homes are unable to provide to a sufficient degree: the children have limited opportunities of making contact with others, and it is often difficult to meet their need for intellectual stimulation. The home, the residential environment, is the result of many compromises in which the children's interests tend to suffer. Preschools can offer a children's environment in the true sense, thus becoming not only a sort of reserve home but also an amusing and stimulating "place of work".

Swedish preschools are classified as either day-nurseries or nursery schools. The day-nurseries look after children for five or more hours when parents are at work, while the nursery schools usually receive children in groups for three hours. After a long period of stagnation, the number of day-nurseries has begun to increase steadily. The need, however, is still far greater than the supply. Nursery schools have expanded considerably ever since the war and continue to outnumber the day-nurseries, but there are still relatively few of them. At present, roughly half of all Swedish children below school age can attend a nursery school or day-nursery for a year or more before starting school.

In recent years, the Government has taken a number or measures to stimulate the provision of day-nurseries. The state grants available have been increased on two occasions, and the state now provides considerable sums towards the erection and maintenance of day-nurseries and free-time centres for school children. As will be mentioned below, day-nurseries, nursery schools and free-time centres are jointly referred to as "child centres."

A Royal Commission has been formulating the aims of activities at nursery schools and day-nurseries. The Commission is also to propose a basic pedagogic programme for preschools. The next stage of its work will be to study the possible introduction of a compulsory, public preschool system, which will allow all children within a certain age range to attend part-time or full-time.

This account is mainly a description of the situation at present; the scope, activities, administration, financing, and staff of Swedish preschools. It concludes with an attempt to describe the possible scale and nature of activities in the future. There is strong support not only for an expansion of the day-nurseries, but also for a broadening of activities so as to guarantee every child the opportunity to attend a preschool. Actual activities at these schools are also the subject of lively discussion, and an attempt will be made to outline certain views that have been put forward.

SWEDISH PRESCHOOLS

Swedish preschools do not at present offer any direct preparation for the schools, and provide very little in the way of actual teaching. The term preschool, in this context, includes as mentioned both the full-time "day-nursery" and the part-time "nursery school".

In the *day-nurseries* the children of gainfully employed parents are looked after. The children spend at least five hours a day at the nursery. Ages range between six months and seven years, but departments for the youngest children are not available at all nurseries. Nurseries accepting children under the age of two are concentrated mainly to the three main cities of Stockholm, Göteberg and Malmö. The number of children who can be accepted, however, exceeds the official number of places, since a surplus intake of 20 per cent is allowed.

How far have we succeeded in meeting the requirements of working parents for organized supervision and care of the type provided at day-nurseries? From January 1, 1969, such activities are subsidized by the state. It is generally believed that the family day-nurseries will help fill the gap for a reasonably short period, and that they will decline in importance as more regular day-nurseries are built. The emphasis on day-nurseries stems mainly from their being the safest and most reliable solution for both the children and their parents, providing the staff, premises, equipment, toys and pedagogic aids that will create the most stimulating environment, one which will promote the children's development socially, emotionally and intellectually.

Nursery schools, as I have said, are considerably more common than day-nurseries. In principle, they should cater to children between the ages of four and seven, but the majority of children attending nursery schools at present are six-year-olds, and access to nursery schools varies from district to district. The predominance of six-year-olds is caused by the short supply in relation to the demand. Only a few cities and municipalities provide preschools on sufficiently large a scale to allow acceptance of children from the age of five, permitting them to attend for two years.

As a rule, a nursery school or department of a nursery school will take a group of about

SOURCE: Congressional Record, vol. 117, no. 142, September 28, 1971: E10180-10182.

twenty children in the morning, and another group of twenty in the afternoon. One nursery school teacher is usually responsible on her own for a nursery school or department of a nursery school within a child centre, as compared with two teachers for each day-nursery department. The individual child will spend about three hours a day at the nursery school, five days a week. These schools follow the regular division of the year into terms, which means that they do not function during the summer (for about three months), or around Christmas and the New Year.

Child centres is a term used jointly for day-nurseries, nursery schools and free-time centres and will be used frequently in this booklet. *Free-time centres*, which are to be found so far mainly in Stockholm, look after the younger schoolchildren during the part of the day when they are not at school. It is still more common for day-nurseries and nursery schools to be separate, but the institutions now being built often combine both forms of activity. In a few cases, free-time centres for schoolchildren have been combined with a day-nursery and/or nursery school.

From preschool to school

Swedish children start school in their seventh year but can receive special permission to start earlier. For a number of years, a "school-readiness test" has been given to all children before they start school. Previously, a child who was found insufficiently mature could be kept waiting for an additional year, during which he was permitted at best to attend a nursery school. The system now being introduced means abandoning the "school-readiness test" and also means that all normally gifted children should start school at the regular time. If necessary, children with difficulties should be taught in a special "school-readiness class" or receive special instruction while attending a normal class. Children, for instance, who have difficulties in learning to read can obtain assistance in a "remedial reading clinic." Instead of constructing the school in a given way and trying to fit all children to this pattern, attempts are now made to create a school to fit the children, with a maximum of individualised teaching. The whole concept of "readiness for school" is being abandoned. It is not intended that children who have difficulty in keeping up should have to repeat a whole year; instead, assistance must be made available at the points where the child encounters particular difficulty.

Free-time centres for schoolchildren are considered to be a great value, especially for younger schoolchildren whose parents are working, since children during their first years at school attend for only a few hours a day. In the first grade children attend 19 hours a week, in the second 20 hours a week and in the third 25 hours a week.

Institutions for young children are not simply "parking places"—they must function also as pedagogic centres.

Many people hesitate to refer to day-nurseries and nursery schools as "institutions." An institution is regarded as something closed and isolated, which is the last thing we want our preschools to be. Unfortunately, in Sweden as elsewhere, the special facilities provided for young children are often "closed," in the same way as the majority of homes. Schools are also closed institutions. Morever, the new type of school is being made increasingly open to the outside world.

Community planning has not catered particularly to the needs of children. The new districts being built are for the most part purely residential areas, in which very little goes on. The shops are placed in the big centres. Places of work of all kinds, such as offices and workshops, are concentrated in the centre of town or in special industrial areas. Many believe that a residential area should provide an everyday environment which is above all friendly to children, a place with playgrounds, recreation grounds and other places where children and adults can meet. An incipient interest in such aspects of our environment has shown us that the residential areas now in existence, and under construction, by no means meet requirements. It should be borne in mind here that Sweden, which enjoys a relatively large land area in relation to population, has experienced in recent decades a large-scale migration to the urban areas. Up to the mid-19th century Sweden was very much of an agrarian society. Not until the beginning of the 1930's did industry and services take the lead over agriculture. Today almost half the Swedish population is engaged in these sectors while the percentage occupied in agriculture and forestry has fallen to about 10 percent.

Child centres (including free-time centres for schoolchildren), with the opportunities they offer for activities and contacts with the outside world, have an important function to fulfill. The requirements thus far made of the physical plant have related to such elementary and of course very important aspects as spaciousness, a situation at ground level, satisfactory daylight lighting, adequate sanitation, and sensible planning.

General regulations of this type have been published by the National Board of Health and Welfare, the ultimate supervisory authority in this field. The Board has also specified in detail how premises should be arranged. It is stipulated, for instance, that there should be an indoor play surface of at least 32 sq. ft. per child—preferably more. The outside surface available should be about 160—110 sq. ft. per child—preferably more. The minimum total play surface of the nursery schools is 110 sq. ft.

The Board recommends that child centres should be housed in separate buildings, particularly in the case of day-nurseries. A child centre can also be arranged on the ground floor of a larger building, provided that an outdoor playground can be made available directly adjoining the centre. Sample drawings for the use of local authorities and others have been published by the Board, which has also approved a number of "type solutions" submitted by the manufacturers of prefabricated buildings. Many of the child centres now being built are housed in free-standing prefabricated premises of this kind. It is not unusual, however, to use existing detached residences.

It is also emphasised that child centres should be as flexible as possible, so that they can be used if necessary for other purposes than originally intended. This is because requirements in residential areas shift so rapidly, in new areas there is a great need of premises for preschool children, but in a few years the emphasis can be on facilites for schoolchildren. It must then be easy to adapt premises so that they can be used for older children.

The Board's recommendations also stress that the preschool premises should be homelike. The nursery schools are a supplement to the play environment of the home, while the day-nurseries and free-time centres also are a substitute for care in the home. The preschools (and even free-time centres) must thus be able to function as homes, but also offer something more than this. This brings us to the actual aims of the preschools, and how they are to be realized.

PRESENT AIMS OF THE PRESCHOOL

According to the Board's recommendations, preschools are to provide a complement to upbringing in the home, at the same time offering children contact with other environments and preparing them for the demands of school life. It is emphasised that the preschools should work in close contact with the home.

The day-nurseries, and the free-time centres, are a necessary condition for many mothers to take employment. The Board's recommendations further state that the nursery schools "can also give housewives the time off from their children that they need to organize their housework in a practical manner". It should perhaps be added that the Board has neglected to stress that housewives also need time off, not only for housework but also for their own sake—to be able simply to relax, to study, meet their friends, etc.

The purpose of upbringing is to promote the development of children's personalities and their social adjustment, and in this respect both the nursery schools and day-nurseries are to function as a complement to the family. Their pedagogic programme is entirely identical. What the day-nurseries offer in addition is daily care, meals and rest, and a longer period of play outdoors.

The Board's pedagogic recommendations emphasize particularly the role of the preschools in promoting independence and social adjustment. The children learn to function together in a group. According to the Board it is important also "that the children should jointly obtain certain basic knowledge of conditions outside the home, for instance by excursions or field trips. Such experiences can be pedagogically exploited in group work or free creative work of different kinds".

STAFF

Day-nurseries are staffed by nursery school teachers, children's nurses and—in some cases—instructors in child care. (Apart, of course, from staff not directly concerned with the children.) The number of children per staff member varies between age groups. The principle is that there should be fewer children to a department, the younger they are. In day-nurseries, two nursery school teachers should be attached to each department, in addition to the principal. If nursery school teachers are unobtainable, qualified children's nurses can be employed. Apart from kitchen staff and similar help, there should be one staff member to every five children. If the day-nursery has a department for babies (6–24 months), which is where the nurses normally work, then the personnel requirement is one staff member to every four children.

In a nursery school with one department in the morning and another in the afternoon, activities are the responsibility of only one nursery school teacher.

At a large number of child centres there are also trainees who require practical experience for admission to a nursery school teachers' training-college as part of their course. Such trainees, however, cannot be counted as staff for the purpose of meeting the Board's requirements.

Further assistance at the child centres is provided by child visitors, who also look after, in the home, sick children whose parents are at work. Such child visitors are employed by the local authority, but not directly attached to any child centre. Their services are provided via municipal "domestic aid committees." This form of service is not yet offered on any major scale.

Nursery school teachers undergo two years of training at state nursery school teachers' training colleges. Entrance requirements are the nine-year compulsory school and certain practical experience as school trainees. At present there are 14 nursery school teachers' training colleges in different parts of Sweden.

The training of children's nurses (nursery nurses) can comprise either a one-term course in the care of small children, plus practical experience among younger preschool children, or a thirty-four week course covering the care of both babies and small children.

Instructors in child care, who are qualified to become the principals of homes for babies or of day-nurseries with special departments for babies, undergo special training lasting for three years. Requirements for admission to such training include the nine-year compulsory school, domestic science school, and training as a children's nurse.

ADMINISTRATION AND FINANCES

Preschools (both day-nurseries and nursery schools) are under the supervision of the National Board of Health and Welfare, which is under the Ministry for Health and Welfare. The regional authority is the county administration and the local authority is the municipality.

A number of large municipalities, which run preschools on a large scale, employ consultants or inspectors who are responsible for coordinating the activities of day-nurseries, nursery schools, free-time centres, and child-minding, including the training and administration of assisting staff. In Stockholm the mental health organization also has a preschool team to assist staff in the field of mental health.

A preschool can be under the local authority, an association, a company, or a private association or person. As shown by the following table, most day-nurseries are under the jurisdiction of the local authority. Nursery schools too and usually under the local authority, but quite a few are run by associations, in most cases with the help of local authority grants. Anyone setting up a child centre can obtain a state "starting grant" and cover most other initial costs by a state loan.

Starting grants are available for premises arranged so that they can be used for the supervision of children throughout the day, or for at least five hours a day. The recreation of day-nurseries and free-time centres is thus subsidized by the state, and the same is true of institutions functioning as both day-nurseries (and/or free-time centres) and nursery schools. Generally speaking, child centre premises attract both a grant and a loan, if the disposition and fixtures of the building are planned for group activities by children, and all the children accepted can stay there for a minimum of five hours a day. Those setting up a child centre must also undertake to make all places available for activities lasting for at least five hours per child per day. This means that the institution must offer cooked food and facilities for rest and sleep. If these conditions are met, nursery school departments are also eligible for grants and loans.

Child centre premises should be planned in consultation with the Board of Health and Welfare: it also determines the number of places, which must always be set in a given relationship to the space available and its disposition.

Grants towards the establishment of nursery schools can be applied for from the State Inheritance Fund. If the nursery school is in a residential area eligible for state loans, then a state housing loan can be obtained.

In the case of state grants towards running expenses the requirement, again, is that activities cover at least five hours per child per day. It is also assumed that they will be under the supervision of qualified staff, and that the premises will be suitably equipped. If a given institution, for instance, has both day-nursery and nursery school departments, then a grant for current operations will be paid on the basis of all places, provided that at least two-thirds are utilized for supervision the whole day, or for at least five hours a day. State grants have been structured in this way because the state is concerned primarily with providing help to gainfully employed parents.

NEW DEVELOPMENTS

The state's opportunity to influence the building of day-nurseries lies in the generous provision of grants for erection and maintenance. Both grants and loans have been offered on a greatly increased scale during the sixties, and have contributed immensely to the accelerated rate of expansion.

A driving force has been the "Central Committee for Cooperation" appointed in 1963. It consists, among others, of representatives from the Board of Health and Welfare, the Labour Market Board, the Board of Education, the Association of Swedish Local Authorities, the Swedish Employers' Confederation and the Swedish Trade Union Confederation. This committee is actively concerned with studies and information. Information, which is aimed directly at the local authorities, relates to population changes, employment, female participation in the labour market, and the technical, economic and organizational factors involved in the planning and building of day-nurseries and free-time centres. In 1964, a scheme was initiated to create County Committees for day-nurseries and free-time centres. These latter, which are now in operation in several counties, promote the growth of child centres within their respective areas.

Child centres and service to promote equality between the sexes

Underlying the strong increase in the number of day-nurseries is the intensive discussion being waged about equality between the sexes. This discussion has brought out latent needs that have long existed. Those women with young children who want and need to take gainful employment must have a real opportunity to do so, and it is realized that the best long-term solution is the provision of day-nurseries and free-time centres.

At the same time, it has been emphasized how one-sided it is to assign responsibility for the care and upbringing of children primarily to women, and hardly at all to men. Progressive opinion aims at a more even distribution of responsibility and rights between men and women in respect of work in the home, and participation in the life of the community at large. Day-nurseries, free-time centres, and rational personal and family services, are an important aid in solving this problem. However, the parents of small children must also be offered generous terms in respect of leave of absence and shorter working hours, without this leading to discrimination in respect of their future careers and current and future social benefits (unemployment benefits, pensions, sickness benefits, etc.). It has been made clear that, inevitably, "having children costs money"—but that it should not necessarily be a burden to the parents for the whole of their life as it generally is at present, at least for the women. Mothers are now asked to sacrifice their personal and financial independence, possibilities of advancement, improved earnings, interesting jobs, civic duties, etc., simply because tradition has assigned them practically total responsibility for children and housework. Stockholm, which has a relatively high number of day-nurseries, was the first town to set a definite target for expansion, namely that at least 80 per cent of the children of working parents should have access to a day-nursery. This target has already been reached in some districts.

The same standard is recommended by the Central Committee for Cooperation. The realization of such a target would mean about 80,000 day-nursery places in Sweden, as compared with the 16,000 or so in existence. According to forecasts of future participation rates on the labour market, over 100,000 places in day-nurseries must be available by 1975 if the 50 per cent rule is to be fulfilled. About 2,700 new places have been created in the past year (1967/1968). Even if growth continues to accelerate slightly, it is hardly probable that the Committee's recommendations can be realised.

A COMMON PRESCHOOL SYSTEM IN THE FUTURE

For those children who cannot obtain places—whether both or only one parent is at work during the day—the question can arise of making it possible, on a much larger scale, for a child to attend preschool for part of the day over several years. The Swedish Central Organization of Salaried Employees has demanded such a reform. It wants to make it compulsory for all local authorities—with strong support from the state—to offer all children the possibility of attending preschool for at least two years. As already mentioned, this question is now being considered by a Royal Commission. The directive given to this Royal Commission emphasizes that the aim of educational planning in recent years has been to offer a good school education regardless of the district of residence, financial status of the parents, and other circumstances. It is stressed that this process of democratization should be broadened to cover circumstances influencing the initial position of the child on starting school.

This will make great demands on the preschool system, and probably require some change in its aims and the structure of its activities. This, however, is something that the Commission must first consider. Even if the question does not arise of making a fixed curriculum, the Commission's directive suggests that there is reason to compile more concrete recommendations on the nature and structure of activities. Studies made on the effect of attending a preschool suggest that it is often relatively slight in the case of children from families that are well-off and themselves make an effort to promote the child's development, i.e. largely families with a good education. In the case, however, of children from less adequate environments, the effect of preschool attendance is marked. It is striking how the consequences of these findings have been ignored. To begin with, it is obvious that children from different environments get a very different start in life—a situation that could be improved by a real investment in preschools. Secondly, these studies suggest that children generally have a development potential that is not exploited either by the homes or by our present type of preschools. It can be suspected that the adults determining the conditions under which our children grow up—by virtue of their position as parents, teachers, or public officials—do not really know what is best for the children. In many countries, the preschool is a more conservative institution than the school. This is natural enough, since the younger the child, the greater the degree of control that adults can exercise. Also, preschools in Sweden—and in other countries—are not subject to the same reformatory zeal and interest on the part of informed opinion. Nor does the legislation provide for the same supervision as in the case of schools. However, the view that children need *both the preschool and the home* is now gaining acceptance in Sweden. It is unreasonable to demand that the parents should meet all the child's needs, still less that the mother should accept responsibility for the child's upbringing to the extent she does now. This responsibility must be shared by *both* parents, *both of whom* need outside support.

CONGRESSIONAL RECORD — *Extensions of Remarks* *September 29, 1971*

CHILD-CARE ARRANGEMENTS IN OTHER COUNTRIES: FRANCE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 29, 1971

Mr. FRASER. Mr. Speaker, because of the child-care legislation which will soon be before this House I am submitting for the record a number of studies of child-care and day-care arrangements in other countries. Day care for preschool children is becoming a necessity because of the number of American mothers who are employed with full-time jobs. We can no longer ignore the fact that there are over 6 million women with children under 6 who are employed and fewer than 10 percent of their children are able to be placed in approved day-care centers or family day homes. I think that many thoughtful legislators are beginning to realize that the problem of child and infant care in the United States is far more profound than setting up custodial day care so that welfare mothers can go to work.

As the following study on France points out, economic circumstances for many years required that both parents of Parisian families in the lower economic groups be employed. In 1963 there were over 180 day-care facilities for children from 2 months to 3 years of age supervised by the Paris Administration of Public Assistance. The following article describes the nature and operation of day-care programs in Paris:

EARLY CHILD CARE: THE NEW PERSPECTIVES

(By Caroline A. Chandler, Reginald S. Lourie, and Anne DeHuff Peters)

FRANCE*

The economic circumstances of Paris have for many years required the full-time employment of both parents for the majority of families in the lower socioeconomic groups. In response to the obvious need for child-care facilities, day-care programs—*creches*—for babies from two months to three years of age have been in existence for over fifty years. In 1963, there were over 180 such creches established or supervised by the Paris Administration of Public Assistance (Centre International, 1960).

There are creches in most urban neighborhoods, each with a long waiting list. Some have over 300 babies waiting. Most new suburban-housing developers build a creche, the management of which is usually turned over to the Administration of Public Assistance. In older neighborhoods, a variety of physical structures have been converted to creches of varying degrees of adequacy. In some of the poorest neighborhoods, the buildings used often provide inadequate indoor space and little opportunity for any outdoor activities. Yet there are many conversions which afford almost ideal circumstances, for example, sun balconies for the smaller babies from eight weeks of age and large yards with sandboxes and flower gardens for toddlers and children up to three years. The Public Assistance officials welcome the opportunity for advanced architectural planning of the new creches in suburbs where space limitations are less critical.

The public creches are open only to babies of mothers who work, except when specific social problems provide an urgent indication. The mothers pay according to their means, but all pay something for their babies' care. The French government gives an allotment to working mothers (2.2 per cent of salary) to help offset the expense (Davidson, 1962) when necessary.

The creches are open from 7 a.m. to 7 p.m., six days a week. The average creche accommodates forty to sixty babies. The quality of care varies considerably from one creche to another, depending partially on physical limitations but more so on the attitudes of the staff. In one poor neighborhood, where both crowded conditions and adverse attitudes were in evidence, babies were kept all day, except for feedings, in the bassinetlike cribs, side by side, with crib covers occluding observation of anything but ceilings and few hanging toys. The nurses could not be induced by the doctors to put the babies on their abdomens at any time because of the fear they might suffocate. Moreover, the nurses were afraid to handle the babies because they might accidentally become bruised and the parents would complain. They were afraid to let the babies play on the floor for the same reason, although the limited floor space was inadequate for babies to learn to crawl.

The majority of the creches are in stark contrast to this distressing picture. More typically, they are roomy, bright, and cheerful and provide space indoors and outdoors for uncrowded activities of the entire group. The newer nurses are more familiar with the psychological implications of the care they provide. The Administration of Public Assistance is optimistic that there will continue to be improvement in all the creches.

THE DIRECTOR

More and more of the creches are directed by graduate nurses who have completed postgraduate training at L'Ecole de Puericulture in Paris. Yet their one-year course is oriented more to the care of sick than well children. All students rotate through the department for premature babies, the outpatient clinic for sick children, all the pediatric specialty clinics, as well as studying bacteriology and other laboratory subjects. They are also taught about and participate in welfare programs. In addition, those nurses who are preparing to work in a creche instead of a hospital have a one-month course in the administration of a creche. The level of training at L'Ecole de Puericulture is relatively high, the same courses being used for preparing medical doctors to specialize in pediatric practice.

The director of the creche is crucial. She has an apartment in the creche for herself and her family. If she has small children, they will attend the creche. She selects equipment from the assortment made available by the Administration of Public Assistance. She is in charge of the finances of the creche, including the selection and purchase of food from the neighborhood stores for the meals served the babies. The only restrictions are that she must buy the best food available tain that her children have been taken by exceed that of creches of comparable size.

The director has many other administrative responsibilities, yet she rarely has secretarial help to relieve the burden. She must decide if a child is too sick to remain in a creche for the day. There are isolation units available for mild diseases. She must be certain that her children have been taken by their parents to the well-baby clinics and have received their immunizations. She must check certifications of good health for every baby brought back to the creche after

*The authors are indebted to Dr. F. Davidson, Chief Medical Inspector of Health of the Paris Medical Social Service for National and Infant Protection, and her staff (especially Mme. Hermant, Chief of Social Service, and Dr. Clair Vesin, Creche Pediatrician) for opening the doors of their creches so wide.

SOURCE: Congressional Record, vol. 117, no. 143, September 29, 1971: E10254-10255.

any illness. She must be in contact with welfare agencies and specialty clinics to which she may refer some of her charges. She must receive each mother weekly to collect the fee for care which they have agreed upon. This visit, of course, affords the director the opportunity to answer questions about the child's care, to deal with problems of the family related to the child, to share with the mother the staff's experience with her baby, and by all this to strengthen the cooperative relationship between family and creche. The director must also select and supervise kitchen and cleaning help and the nursing assistants.

Nursing assistants, the child caretakers, are women who have achieved an academic certificate at age fourteen (equivalent to completion of junior high school) and have then received two years of additional vocational training (at the high school level) for the position of assistant child nurse (*auxiliary puericulturist*). The behavior of the caretakers usually reflects the attitudes of their director, but they are usually allowed to function fairly autonomously. In general, they appear warm and gentle with the babies and obviously skilled in techniques of feeding, bathing, and initiating games and songs with the older children. They appreciate babies' individual differences to a certain degree and try to modify their care patterns accordingly. In general, one is impressed that the creche staffs seem to prefer the active, aggressive, and more independent child.

The ratio of actual caretakers to children ranges from one caretaker for every six or ten children. With so many children, the nursing assistants and certainly the director find little time for relaxed kinds of involvement, education, or play with the individual babies. They make the attempt to individualize but most often have to deal with the child as a member of a group.

The babies themselves "adjust" and accommodate amazingly well to the systems they encounter. For example, when the mother brings her baby in the morning, undresses him, hands him to the nursing assistant, and leaves, there is rarely any sign of separation concern in the baby unless the mother "hangs around" until the reaction comes to "reassure him." The babies are hugged and then placed on a potty by the nursing assistant when they are received from the mother. A few years ago, despite strict regulations prohibiting such premature attempts, the caretakers in some creches started a baby on the potty as early as three months of age, tying his shirt to a pole to support him in a semisitting position. Babies under a year may sit complacently on the potty for ten to twenty minutes having been given a cookie or toy to hold their attention until their turn to be bathed or dressed in clothing provided by the creche. They are then given permission to play in another room.

Current research

Toys are well designed and well utilized by the staff with the toddler and older groups in the better creches. But even in the best creches there seems to be relatively little attempt to provide infants with stimulation in the form of suitable toys and visually attractive objects, such as mobiles. Experimental programs of stimulation are being evaluated by research psychologists (Lezine, 1962), but no broadly applicable program has yet been developed.

Studies of nurse-infant interactions have been sensitively carried out by psychiatrists and psychologists (David and Appell, 1963) in an attempt to understand better this unique relationship. Child psychiatrists and psychoanalysts (David and Soule, 1963) have been teaching at L'Ecole de Puericulture in an attempt to enhance further the psychological awareness of the future directors. Seminars on creches have been conducted at the Paris International Center for Children (Centre International, 1960) in which internationally renowned experts have participated.

The Administration of Public Assistance is not satisfied with the present state of care in the creches, although they do recognize the tremendous gains in the past five years. They are hampered by staff shortages, possibly a reflection of the demanding nature of the roles as well as the low salary scale. The need for training that is more specifically directed to the care of well babies in creches, rather than sick children in hospitals and clinics, is also appreciated. The administration's low budget allows for less variety and quantity of toys than they would like to have available. The rate of construction of adequate facilities cannot keep pace with the growing need for more creches, much less replace those which are so limiting to the potential functioning of the staff and the babies.

Conclusions

Any appraisal of the value and significance of programs in other countries faces a particular handicap, since philosophical and ideological issues may prejudice the viewer. Nevertheless, our review of child-care practices abroad permits several conclusions relevant to American research and program development.

Extended experience, over several decades in some of the countries, has led each toward an elected integration of skills and professions. Pediatrics, education, and psychology have proved of particular importance for the programming of group care for the well baby. Moreover, increasing social (and governmental) awareness and willingness to finance programs and research in child care have been matched by varying degrees of scientific curiosity addressed to the problem of more adequately meeting urgent contemporary social problems. Broad social and cultural changes have had a common impact in mobilizing and sometimes fragmenting traditional family bases of child care. Changing social and economic circumstances require new, if not better, solutions to age-old problems.

NOTE: Page 63 is not available for reproduction at this time. The article, "Day Care? In France, It's a Science," is available in The New York Times, vol. CXX, no. 41, 238, December 20, 1970: 56.

Page 64 is not available for reproduction at this time. The article, China's Factories Mind the Children," by Norman Webster is available in The New York Times, vol. CXX, no. 41, 207, November 19, 1970: 56.

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CRS-70

Minding Their P's and Q's

In Day Care, Profit and Quality Go Hand-in-Hand

By J. RICHARD ELLIOTT, JR.

SUGAR and spice and everything nice . . . sticks and snails and puppy-dog tails. That, if Mother Goose can be believed, is what little girls and boys are made of, but the nursery school they attend — if it's to be viable economically as well as educationally—has to boast sterner stuff. Commercial operations as varied as Mary Moppet's, L'Academie Montessori and Singer Learning Centers, to cite three success stories, tend to show that no pat formula exists in day care (Barron's, July 5 and 19). Yet all together the three illustrate what it takes to make the grade.

"It may take six or eight years, but we believe public educatior will look at us one day and wonder, 'Why can't we do that?' Small wonder."

Dr. James I. Mason
Vice President and Director
Singer Learning Centers

• It was 1967 when Jerry Spresser checked out of his Iowa motel business, after 22 years, and headed west to invest in Arizona real estate. Instead he decided to launch Mary Moppet's Day Care Schools. "I'm no educator," he freely admits, "but it didn't take an expert to discover that conditions for children of working mothers were deplorable. I saw the opportunity to provide better service by building a new system stressing uniformity." Today, 38 Mary Moppet's are turning a dollar in places as far removed from suburban Phoenix (where the first one went up) as Charlotte, Toledo and Grand Rapids — most with capacity for 55 pre-school kids, a few for as many as 90. Nineteen other centers are under development, while franchises covering 40 more have been sold, making roughly 100 in all, each protected by 20-year lease insurance before ground can be broken. "When we have something really tangible to show the public, like 75 Mary Moppet's in operation, we'll be ready to talk to Wall Street," Mr. Spresser tells callers.

Ft. Lauderdale to Cherry Hill

• L'Academie Montessori, based on Florida's Gold Coast, sprang up differently. Warren Winstead, a Harvard Ph.D. and former U.S. Army director of education in Europe, quit his post seven years ago to head Fort Lauderdale's experimental Nova University. By 1970, Winstead had seen greener pastures in the pre-school field. Joining forces with a franchise-marketing veteran of Lauderdale, he founded L'Academie, supplying a program for teacher-training in Montessorian methods as well as a Montessori curriculum for the children. "We wanted local capital participating," the ex-colonel recalls, "but after a few months I decided that franchising wasn't our cup of tea."

Accordingly, L'Academie No. 1, located across the peninsula at Tampa, opened last April as a joint venture with community interests and "has been in the black from the start." Two more are following this summer, at Hammond, Ind., and St. Louis; another seven will open before the year is out, and some 50 are on the longer-term agenda. Like the Tampa model, each will be a 150-child facility — two or three times the size of a Mary Moppet's — with kids from two-and-a-half to nine enrolled in either morning or afternoon sessions. Each center likewise is to be 50%-financed by investors in its local area. "We plan an imminent private placement of stock," Dr. Winstead said the other day, "in hopes of attracting institutional support and achieving a relatively stable market. A year after that we'll go public."

• Singer Learning Centers, the third case in point, stitched a pattern all its own. SLC's publicly-held parent knew how to teach women to sew, train pilots and motorists with Link simulators and sell audio-visual equipment in the education market. To acquire child-development know-how, Singer assembled a panel of academic experts, assigning them the two-year task of creating a point-by-point curriculum for kids from pre-kindergarten through third-grade levels, predicated on actual experience at a private Connecticut nursery school. Meanwhile, University of Tennessee Professor James Mason, formerly a public-school superintendent in Pennsylvania, was retained as a part-time consultant for his knowledge of the nitty-gritty of building and running an educational system.

SLC's start-up schedule originally called for the leasing of three Learning Centers, but this was abandoned in favor of a single prototype. Conforming to Dr. Mason's specifications, it would house an unprecedented 600 children in two sessions (The equivalent of 300 full-day "spaces"), making it probably the biggest of its kind anywhere. Moreover, it would cost $650,000 (including $150,000 for land) to build, on a couple of prime acres in Cherry Hill, N.J., the fast-rising upper-income suburb 10 miles east of Philadelphia. As bricks and mortar went up, Mason went on the Singer payroll as program director and vice president.

Prior to SLC's opening last September, 250 pre-schoolers were expected; in the event, 275 showed up, and newspaper coverage helped boost the count by year-end to 300 (including a small number of toddlers dropped off strictly for "day care") — which was all the staff could handle. At the current enrollment pace, 400 will be on hand this fall (together with more instructors) for the start of the second year. Ac-

SOURCE: Barron's, vol. LI, no. 27, July 5, 1971: 3, 8, 15.

cording to plan, that's also when the first batch of six-year-olds advances from kindergarten to first grade, putting SLC in direct competition with the local public schools.

"Cherry Hill is a smashing success," Mason told a recent visitor. "We've surpassed all our goals, including those of the people with sharp pencils up in New York who watch over my shoulder." Phase Two of SLC's development schedule, long since approved at the top is under way: five more units will open next month, in northern New Jersey, Long Island, Ohio, Maryland and Florida. By then, Singer's investment will total $5 million and Dr. Mason, already pointing for Phase Three, will have fielded a real estate-marketing-adminstrative organization sufficient for 50 Learning Centers. "We're thinking of 100 in five years," he says.

All Work, No Play

If results of three such varied operations are proving models of what the well-run nursery school can be, it's clear that more goes into day care than wishful thinking. Instead of sugar, spice, snails and tails, the vital ingredients include — to change the nursery rhyme — all work and no play, at least for those in charge. Different approaches to the tuition-paying parents of pre-school children may yield different stories with happy endings, but every successful venture boasts a minimum of three common criteria: (1) the operators have taken pains to provide excellent service — be it simple day care, sophisticated schooling or a combination of the two — as measured in the marketplace; (2) they've planned systematic expansion into chain operations, to lessen risk and multiply reward; and (3) they're achieving both good service and growth by means of private capital, even though critics of competitive education, knowing the costly experience of "non-profit" centers (see comparative estimates Page 5), said it couldn't be done. In day care, naysayers to the contrary notwithstanding, profit and quality plainly can go hand in hand.

Apart from any assumption that several hundred thousand tuition-paying parents can't be wrong, the facts don't lie: "quality" is up to snuff. Moreover, as the accompanying "income/outgo" data show, it's not hard to see how proprietary day care also can turn a profit. In the five representative non-profit centers, wholly or largely supported by government in small towns and large urban areas alike, annual operating costs run anywhere from $2,000 per child to nearly twice that amount. Sharply in contrast, the operating expenses of five profit-oriented centers located in equally diverse metropolitan areas (and allowing for amortized costs of the respective facilities) start as low as $600 a year and range upward to a high of $1,600 in the nation's costliest market, New York City. Nor are tuitions that much out of line. Allowing for profit (which obviously varies widely as a percentage of revenue), they lie well within the range charged by some 50 leading day-care companies surveyed by Barron's—and well below the average cost of "non-profit" care.

Making quality pay off is not quite as simple as Humpty Dumpty's falling off a wall—nor as impossible as putting him back together again. To begin with, successful proprietary companies offer parents a variety of nursery-school services at fees scaled slightly above the going rates. Supplementing such tuition revenue in many cases are other services, frequently for other markets, together with sales of proprietary products—learning materials and equipment, even toys—to both consumers and institutional clients. So much for income. Keeping the lid on expenses, meanwhile—when large sums have been committed for curriculum development and investors' cash lies heavy on the barrelhead—has prompted profit-oriented operators to develop more efficient business practices. Thus they've pioneered in day-care market research, to determine which areas and what kind of schools best suit their needs, and to locate their centers most effectively for everyone's convenience. In the process, they've learned to create better facilities, as well as to make better use of existing plant.

Perhaps most important —as indicated by the key adult-to-child ratios in the table—is control of personnel costs. Unencumbered by civil service, organized labor or outmoded teaching methods, they've found ways to better utilize professional and para-professional staff members, making a day in the life of a day-care center more rewarding for all concerned. Finally, because they've gained access to venture capital, their proprietary programs enable industry leaders to compete for advantageous markets via multiple-unit expansion; once it proves successful an educational curriculum, like a blueprint, can be used over again, each time at a lower pro-rated cost. All in all, then, industry not only is building a better mousetrap —as public demand beating at the door would suggest— but is helping as well to purge day care of the "Mickey Mouse" image given it by so many non-profit nursery and public schools.

"If Uncle Sam wants to subsidize welfare that's fine with me," Mary Moppet's Jerry Spresser likes to say. "I don't need him in my business." Let's see how that business works. For a predominantly "day-care" operation such as Spresser's —"all our teachers are certified, but we don't think a really sophisticated education is important for little kids so it's not our market" —the rates can be low and the competition rugged. President John Morrison of neighboring Pied Piper Schools, in Phoenix, last year sold off all 19 of his franchised centers (for $20,000 apiece), retaining just one company-owned unit, and sometimes threatens to "sell out altogether and go back full time to my real estate business." In the Phoenix area alone, Mr. Morrison claims, "there are 171 day-care schools, which is preposterous." Not about to leave town is Mr. Spresser, however, whose Mary Moppet's chain charges only $16 a week in Phoenix (the same as Pied Piper) and a top of $24 in Las Vegas. According to Spresser, the "going competitive rates" for these two markets are, respectively, $12.50 to $15, and $19.50 to $22.50. "Like anything else," he explains, "you just have to work at it."

At the other extreme, pricewise, are day-care centers in the Northeast, most notably those stressing education. Thus Singer, at Cherry Hill, has a whole shopping list for parents—ranging from $300 per 10-month year for a three-year-old attending two half-days a week, up to $1,250 for a six-year-old on a full-scale program (summer rates are roughly the same)—which boils down to an average $35-$40 per full-day week. "Naturally, we have very demanding parents," says Mrs. Sydelle Hatoff, the school's director. Even more demanding, undoubtedly, are the folks who trot their toddlers off to Child Minders, a year-old center in Greenwich, Conn., where the tab runs $25 a week for half-day pre-school and $50 a week for day care. "Admittedly, $200 a month is twice as much as comparable day-care centers," founder-president Peter Terry says, "but at 80% capacity we're still not quite making a profit."

Tapping Other Sources

In addition to pre-school tuitions, many firms hope to exploit other profitable services. The vocational training school and placement center for would-be working mothers, proposed for its Learning Center by Working Girl (and noted at the outset of this series), is one intriguing illustration. (Many a new day-care company already is well entrenched in a primary activity, of course, such as the aforementioned specialists in hospital, nursing-home and data-processing services.) Perhaps the most common sideline to date is the likeliest: old-fashioned babysitting. Quite a few pre-schools, particularly those more heavily in "day care" than education, offer such services on a drop-in, hourly-rated basis (usually $1 to $1.50 an hour), including Mary Moppet's, Les Petite Academie, Day Care Centers of America, Children's World and, on a up-to-three-weeks basis (for vacationing parents), Piper's Hill. The expert at it is We Sit Better, a firm which (until running into a legal hassle with ex-owner Gerber Products) had some 65 franchised agencies in the sitting business—caring at home for the elderly and infirm, as well as infants, on a round-the-clock scale—has yet to set up its first real day-care center.

A number of firms seek to tap adult-service markets of one sort or another. Thus L'Academie Montessori is expanding its teacher-training program beyond the needs of its own schools. Although the company has taken more than its share of flak from critics of franchising (a technique it long since has abandoned) for using the magic but uncopyrighted "Montessori" name, no less an authority than Kenneth Edelson, an editor of Children's House, gives L'Academie and its program straight A's for authenticity. After all, the director of L'Academie's Montessori Teacher Education Centers is Dr. Helen Billings, a certificated former student in Italy of Dr. Juliana Sorge, renowned associate of the late Dr. Montessori herself. Be that as it may, Dr. Billings is planning teacher-education programs on U.S. college campuses as well as operating summer tours in Europe for college students.

Further afield, several companies (notably Singer) are investigating the possibilities of night or weekend classes for adults. (Many public school systems offer similar programs, of course.) One of the more ambitious is Apple Tree Schools, the 80%-held subsidiary of Southland Investment Corp. "As it expands its day-care centers," says Southland, "Apple Tree is adding to the original physical plan a section of the center called the Learning Theater . . . an amphitheater for 50 or more people with modern audio-visual installations where adult courses, seminars and/or business meetings can be held when the space is not being used in the day-care program." Media Projects, Inc., another Southland affiliate, already is developing the first courses, in gourmet cooking and family money-management. Next on the agenda, if these bear fruit, will be Apple Tree classes for grown-ups on such topics as sewing, languages, home-improvement skills, gardening and bridge.

Wildest of all are some of the best-laid plans of Sesame Nursery Centers. Ever since it got into the business, under that name, Sesame has been badgered by the Children's Television Workshop, non-profit producers of a popular kiddie show called "Sesame Street." At one point, the TV people got Sesame Nursery enjoined from using its logos in advertising, as the latter retaliated by suing CTW for a reported $13 million. Meanwhile, the company has agreed to call its day-care centers Alphabetland (the name under which it also may choose to go public), and the litigation recently was settled. Alphabetland apparently will fire the battle's final cathode ray. Next January, it plans to launch a syndicated TV show of its own—featuring puppets and other "Sesame Street" types—to be beamed into every market the company plans to enter with nursery schools. Eyeing further expansion into cassette and cable TV, Sesame Nursery's Harold Wexler has predicted: "It can mean a couple of million dollars a year to us."

Sugar and Spice?

Potentially more profitable are educational products —from kindergarten toys to sophisticated materials and equipment—which certain day-care operators are developing for sale to institutional, governmental and consumer markets. Hasbro Industries is a special case in point. Already a dominant factor in the toy business when it acquired the syndicated TV show called "Romper Room" in 1969—some 45 "Romper Room" playthings were unveiled last year—Hasbro followed up logically by forming the Romper Room nursery-school system. VP William Shields, director of day-care operations, insists that the centers "are to be vehicles for development" of the new products, but adds that Romper Room teachers may work the toys into their curricula if they choose. Somewhat similarly, Gerber Products ("babies are our only business") not only nourishes pre-schoolers with food and education, but also provides an "umbrella of children's needs" via operations in clothing, insurance and handicraft items.

Sullivan Pre-Schools, the BRL system operating with curricula previously developed for sale (mainly to government agencies), continues to offer such materials on the market. So does Palo Alto Educational, which admits that the sum of its experience in day care (apart from operation of a center in Hawaii) until late last year consisted of providing program guidance and supplies to part-owner Control Data. Southland Investment's aforementioned Media Projects publishes early-learning materials, including something called the "Sesame Street Learning Kit," which Time-Life Books distributes. Family Learning Centers hopes to find high-profit potential in the manufacture of educational toys and equipment, having applied for several patents. Singer's wide-ranging educational operations, of course, supplement Singer Learning Centers with sales of audio-visual and other equipment — although not, according to Dr. Mason, with "anything like a full line of early-childhood products."

Virtually all these programs and products fit relatively standard concepts of teaching. One that remains distinctive and, except for such electronic gadgetry as that described previously in MultiMedia's PreSchool, lacks major sources of domestic supply, is the Montessorian method. Over 500 "Montessori" schools in the U.S. alone are so recognized, all equipped with self-teaching devices designed by the late Dr. Montessori — movable alphabetic letters for language, counting beads on rods for math and so on — yet still produced almost exclusively in places like Italy and The Netherlands.

L'Academie Montessori originally planned to set up its own production company, then decided not to do so "because this sort of thing is not easily mass-produced," according to Dr. Winstead. Hence the firm, like others, buys from Europe. But one U.S. firm, American-Education & Recreation, now may help fill the bill over here. In its current prospectus, some $300,000 of the $1.3 million in net proceeds to expand its day-care chain is earmarked for "establishing the company in the business of distribution and sale of Montessori type equipment." Another $100,000 will be allocated for R & D aimed at the manufacture of related materials and programs.

Finally, MultiMedia Education, for its part—incidentally, the company became publicly held in 1969 by acquiring a corporate shell called KSI, spun-off by Kent Industries—well before opening its PreSchool had developed a flourishing business in the creation of programs and publication of periodicals for the educational trade. Circulation has helped finance (and promote) the day-care operations. Contrariwise, Day Care Centers of America, currently going public with a $720,000 equity offering, plans to use part of the proceeds to augment its chain of 11 operating nursery schools (some 120 franchises have been sold in all) with acquisitions in the audio-visual, publishing, outdoor equipment, school furniture and toy fields. At present, DCA furnishes all major supplies and appliances to its franchisees at a 10% markup over cost.

A Diller A Dollar

Ten Representative Day-Care Centers — See How They Run

	For Profit: Investor-Operated — Projected (Unofficial) 1971-72 School-Year Results					Non-Profit: Institutionally Operated(a) — Industrial Plant		Fed St/Loc Govt-Supported		
	LAcademie Montes'ri Tampa Fla	M Moppets DC School Phoenix	Mult Media Pre-School New York	Singer Learn Ctr ChHill NJ	American Child Ctr Nashville	KLH CDCtr Cambridge Mass	Avco DCtr Dorchester Mass(A)	NCAC DCA Ctr Washington DC	HdStrtCtr Holland Mich(A)	Ht-Ashbry Ctr-San Fran(A)
Average Weekly Tuition Fee (FDE)	$28.00	$16.00	$45.00	$35.00	$23.00	$37.50	$49.10	$47.60	$51.80	$78.00
Average Number of Children (FDE)	120b	55	85	200c	130	70	27	30	66	54
Adult Paid Teaching Staff (FDE)	8	4	7	20	17	16	7	7	17	27
Adult: Child Ratio	1:15	1:14	1:12	1:10	1:8	1:4	1:4	1:4	1:4	1:2
Annual Operating Cost Per Child	$900	$900	$1600	$1500	$1000	$2000	$2133	$2380	$2300	$3803
INCOME —										
Parent Tuition Payments	$168,000b	$40,000d	$172,000d	$330,000c	$132,000	$46,875	$19,500	$ 0	$ 0	$ 0
Government or Institutional Subsidies	0	0	0	0	17,500	95,959	13,500	71,330	134,200	130,100
Other Sources	0	6,000	0	25,000	10,000	0	0	0	0	0
Total Revenues	$168,000	$46,000	$172,000	$375,000	$159,500	$142,834	$33,000	$71,330	$134,200	$130,100
OUTGO —										
Cost of Care and Teaching	$64,500	$15,500	$76,000	$100,000	$65,000	$84,800	$33,800	$44,600	$81,600	$111,200e
Administrative Expense	16,500	3,200	18,000	60,000	25,000	20,650	9,800	4,230	13,000	33,300
Rent and Maintenance Expense	35,000	8,040	33,600	125,000	30,000	27,450	14,300	5,820	23,900	24,400
Cost of Feeding	0	4,220	6,000	8,500	16,000	11,400f	6,100	7,980	25,100	25,200
Miscellaneous Expenses	2,000	2,040	2,400	6,500	2,000	0	1,000	8,720g	15,500g	14,300g
Total Operating Costs	$118,000	$33,000	$136,000	$300,000	$138,000	$144,300	$65,000	$71,330	$170,900	$208,400
PRETAX PROFIT MARGIN or "NON-PROFIT" DEFICIT (h)	30%	28%	21%	20%	11%	(1,476)	(32,000)	(—)	(36,700)	(49,300)

(A) Source of income outgo estimates: Abt Associates, Inc. (FDE) Full-day equivalent (a) Based on 1970-71 school year budget. (b) 80% of capacity (150 children). (c) Approximately 70% of capacity. (d) At 90% of capacity. (e) Includes $15,000 for staff-training and "parent involvement." (f) After $13,000 reimbursement from federal food-subsidy programs. (g) Mainly health and transportation services. (h) Deficits made up by voluntary services, donations, etc.

CRS-75

The Children's Hour

Day-Care Centers Are "Wunderkinder" on Main and Wall Streets

By J. Richard Elliott, Jr.

UNION, N.J.—This blue-collar community, aptly enough, is home to a year-old outfit called Working Girl, Inc. Just two months ago, after a bold attempt to go public without an underwriter (Barron's, June 28), Working Girl picked one up and brought the trick off. On the strength of uncertified (but audited) financial statements showing a working capital deficit of $25,162 and a nine-month operating loss of $46,576, Working Girl offered, in a Regulation A underwriting, 100,000 shares of common at $4. Despite immediate dilution of the new stockholders' book value—four "parents and promoters" retained 31% of the equity, at an average cost below $.0007 per share—the offering was an unqualified success. To put it mildly, Working Girl was snapped up. In last week's over-the-counter market, quoted bids ranged upwards of 6½—a paper gain of better than 50% for most investors, and roughly 10,000% for the quartet on the inside.

No Kidding, He Says

Besides some $350,000 in new capital, what's the secret of Working Girl? A big factor, apart from fortuitous timing, was local boosterism. According to founder-President Milton Packin, formerly head of Radiation Machinery Corp., "the people who bought stock are mostly residents of Morris County." The reason for that is clear enough: affluent Morris, northwest of Union, has been selected as the site of Working Girl's first one-stop "Learning Center," due for groundbreaking next week. If the dream of Mr. Packin and his neighbors comes true, this $350,000 facility in Denville, N.J., will open by year-end. What's more, it will incorporate under one roof a training school and employment agency for women—the home office has 100 would-be working girls presently in class, having already placed another 85—together with a child-care center, where those who are mothers can drop off their pre-school-age kids for safekeeping and instruction.

Day care, in short, overnight has become Working Girl's real play. Half the total space at Denville will be allocated to it. Designed to hold 300 children (ages 2½ through 6), this part of the new center, Mr. Packin claims, "has prospects of 600 kids lined up for admission." Unabashedly, he adds: "Our first full year in operation, we expect to gross $600,000 and net $200,000 after taxes on child-care alone. I'm not kidding. The nice thing about the education business is you get your money in front. You show cash flow right away." Better yet, Mr. Packin sees unlimited potential. "There's a demand for thousands of these centers. We hope to put up our second one next year. In a few years, we figure to have hundreds located around the country."

All this may not go precisely as Mr. Packin has it programmed, of course, but there's at least a strong possibility that Heaven will protect the Working Girl investor. That's because day-care centers—whether of the old-fashioned nursery-school variety or newly fashionable "children's houses," which utilize advanced teaching methods pioneered over half a century ago by Italy's famed Dr. Maria Montessori—are becoming big business, to which many a surprising corporate newcomer lately has been attracted (see table). To be sure, almost no one's turning a profit worth noting in day care as yet. But seldom in the annals of American education has opportunity seemed to beckon venture capital quite the way it does these days in the pre-school field. Ironically, the confluence of pressures now shaping the social scene—women's liberation, welfare's staggering toll, the incontrovertible evidence of why Johnny can't read—is behind this powerful thrust. Private enterprise hasn't taken long to discover that a vast and virtually untapped market—hitherto suspicious of the profit motive—stands ready to support the massive development, under businesslike management, or well-conceived, quality-controlled centers for the care and teaching of small children.

Mothers of America, indeed, are all but crying out for it. Nearly four million working women face the daily necessity of boarding well over five million offspring too young for public school. Uncounted others, from the depths of relief rolls to the upper registers of suburbia, would choose careers outside the home but for the lack of acceptable child-care facilities. Still others from among the increasingly college-bred crop of U.S. housewives seek not so much personal freedom as the professionally guided development of their children during the "early learning" years, which educators agree are life's most formative. Taken together—and there are 22 million kids under six, half in the critical three-to-five age bracket—this represents merely today's child-care market. Demographers project a whopping 50% increase in the number of working American women with pre-school tots by the end of the decade.

Spaces for Tiny Faces

Prospective demand for day care is clearly impressive. Measured against it, the supply of state-licensed (or federally funded) centers is woefully short. Approximately 300,000 disadvantaged kids, for example, are enrolled in a myriad of federal facilities, like those of HEW's community-managed Head Start, or those for families of parents undergoing job-training in a Labor Dept./HEW program called Work Incentive (WIN). Labor-intensive institutions and industries, such as government agencies, hospitals, telephone, electronics and textile plants, also have been setting up—with indifferent success—day-care units of their own, as a form of fringe benefit to attract and keep female employes. Church-sponsored and other local voluntary units abound, too, particularly in the big cities. Added to these, finally, are

SOURCE: Barron's, vol. LI, no. 29, July 19, 1971: 5, 16, 17.

the proprietary operations. All told, according to HEW's Office of Child Development, the number of "spaces" (for one child, one full day) existing in licensed day-care facilities has grown in ten years from 1960's 183,000 to 638,000, of which 266,000 are available in the pre-school centers run for profit.

Private Goes Public?

Combined current capacity, then, has room for anywhere from a million to 1.5 million pre-schoolers. (It should be noted that statistics here are as wobbly as a pre-schooler's arithmetic. A recent Westinghouse survey, for instance, found twice as many kids in day-care centers as government studies show spaces for.) At a minimum, that leaves around 4.5 million youngsters, in the learning-age category, presently untended by either mom herself or some kind of accredited facility. In consequence, Washington seems prepared this year to help expand capacity substantially. President Nixon's upgraded WIN proposal—that section of his Family Assistance Plan ("Workfare") aimed at freeing welfare mothers for jobs by looking after, and training, their young children—would pay for day-care services ("developmental, not simply custodial") adequate to handle an additional 150,000 pre-schoolers the first year. The price tag: $386 million.

Capitol Hill liberals, like Oliver Twist, are pleading for more. Bipartisan support suddenly has massed behind broader legislation "in a class with Medicare," as Sen. Walter Mondale (D., Mont.) puts it, "yet without much public notice." Specifically, House and Senate bills would boost first-year funding to a hefty $2 billion—as part of a comprehensive four-year day-care program costing $13 billion—with as much as one-third earmarked for middle-income families (who'd pay a share based on a sliding scale), and with no limit on the part allocable to profit-oriented firms. In any event, federal largesse of such proportions, if welcomed only by those willing to put up with the red tape and controls, undeniably would be a boon to the trade.

How Big? So Big

Partly in anticipation of the windfall, child-care centers are shooting up all over. A much more basic reason, though, is that demand — whatever Congress sees fit to do—already is pressing. In the last analysis, the market for day care looms as vastly greater than anything hinted at by figures floating out of Washington. Census data suggests, moreover, that owing to population trends (such as family formations) and other signs of the times (like those sported by the women's lib movement), the number of young mothers joining the nation's workforce will double during the 1970s. Some of these women unquestionably will be subsidized, directly or indirectly, by ongoing welfare programs. Most, however, by dint of earning their own living (or more frequently, the household's second income) will be able to foot their own

BABES IN TOYLAND

	Day-Care Operations: Number of Centers(a)					Per Share Data: Stock Price	
Company	Co.-Owned	Franchised	Cont.-Operd.	Trade Name or Affil. & Interest Held (Equity)	1970 Earns.	1971 Range	Recent Quote
AID, Inc. (O)	33	0	0	Playcare, Inc. (100%)	$ .31	15 - 8⅝	9
Amer.-Educ. & Rec. (R)	7	0	0	"Montessori" (100%)	.08	NA	10
Behavioral Res. Labs. (A)	12	0	1	Sullivan Pre-School Ctrs. (100%)	.81	17 - 8⅝	9
Care Corp. (O)	4	0	0	Kiddie Care (46%)	.11(c)	5⅝- 2⅜	2⅜
CenCor, Inc. (O)	65	5	0	Les Petite Academies (100%)	1.20	21 - 6	16½
Child Growth & Dev. (W) (B)	0(C)	0	0	(Company inactive)	NA	NA	NA
Child Minders, Inc. (W)	1	0	0	(Expansion postponed.)	NA	NA	NA
Children's World, Inc. (O)	7	0	0	Children's World (100%)	D.30(d)	3¼- 2⅛	2⅜
Community Health Facs. (A)	1	0	0	Edu/Care, Inc. (100%)	.42(e)	14½-10	10
Control Data (N)	6	0	1	Palo Alto Educ. Systs. (5%)	D.40	85 -47	58
Day Care Ctrs. of Am. (R)	0	11	0	Day Care Centers (100%)	D1.85	NA	8
Four Seasons Nurs. (O) (B)	1	0	0	Small World (100%)	NA	1¾- ⅝	1
General Electric (N)	1?	0	0	Genl. Learning Corp. (50%)	3.63	63 -57	58
Gerber Products (N)	4	0	1	Children's Centers (100%)	2.19(f)	49½-40	47
Hasbro Industries (O)	3	0	0	Romper Room Schools (100%)	.20	16 - 5¾	13
INA Corp. (N)	33	0	0	AID, Inc. (25%) (g)	2.90	50 -35	48
Integon Corp. (O)	8	4	0	Amer. Day Nurseries (50%)	.03	13 - 9¾	10½
Kiddie Care Corp. (O)	4	0	0	Mich. Young World (100%)	D.19(h)	1⅝- ½	¾
Listfax Corp. (O)	1	0	2	Edufax, Inc. (100%)	D.51	7¾- 2⅞	4⅝
Marcor (N)	5	0	0(C)	Univ. Educ. Corps. (10%)	1.50	37½-18	33
Monogram Indus. (N)	0	0	1?	U.S. Res. & Dev. (55%)	D.66(e)	16¼-10	10
MultiMedia Educ. Inc. (O)	3	0	0	MultiMedia Systs. (100%)	D	1⅛- ¼	½
Natl. Living Ctrs. (O)	9	0	0	Playcare Ctrs. of Am. (100%)	.32(e)	8¾- 3¾	7⅜
Performance Systs. (O)	1	0	0	Amer. Child Ctrs. (88%)	D	⅝- 1-16	⅛
Sesame Nursery Ctrs. (R)	2	11	0	Alphabetland (100%)	NA	NA	NA
Singer Co. (N)	6	0	1	Singer Learning Ctrs. (100%)	4.25	77 -63	74
Thiokol Corp. (N)	0	0	1	HEW Center (U.S. Govt.)	.72	13½- 9	9¾
Time, Inc. (N)	1?	0	0	Genl. Learning Corp. (50%)	2.76	62 -40	48
Wabash Consol. Corp. (O)	20	1	0	Kinder-Care (100%)	NA(i)	7⅛- 3¾	6⅜
Westinghouse Elec. (N)	0(C)	0	0	West. Learning Corp. (100%)	3.06	94 -65	85
Whirpool Corp. (N)	0	0	1	Twin Cities Area Ctr. (0%) (j)	3.01	90 -65	86
Working Girl, Inc. (O)	1	0	0	Wkg. Girl Learng. Ctrs. (100%)	D.33(k)	7¼- 4	6⅜

(a) To be open by Fall '71. "Owned" may include joint-ventures. (b) Listed 4-22-71. (c) 6 mos. to 10-31-70. (d) 7 mos. to 2-28-71. (e) 9 mos. to 3-31-71. (f) Yr. to 3-31-71. (g) Increasing holdings to 60% by '74. (h) 9 mos. to 1-31-71. (i) Dx $.53 in 5 mos. to 5-30-70; prof. operations announced for yr. end. 5-30-71. (j) Non-profit. (k) 9 mos. to 11-30-70.
(B) Filed for bankruptcy or in receivership. (C) Day-care center closed or contract cancelled. (D) Deficit. (NA) Not available or not applicable. (W) Public offering withdrawn. (R) In registration. (A) Shares traded on Amex; (N) on NYSE; (O) over-the-counter (bid price).

Graduation Day?

Following is a roll-call of privately-held day-care firms which, depending on the market, are considered likely to go public —or seek a private placement of equity in Wall Street—over the next six to 12 months. Each, of course, is also a potential takeover candidate. (Number of Fall '71 operating centers in parentheses.)

American Day Nurseries, Greensboro, N.C. (8) (a)
Better Childcare, Inc., Long Lake, Minn. (0) (b)
Child Minders, Inc., Greenwich, Conn. (1) (c)
Community Learning Centers, Washington (1)
Creative Childcare Services, Atlanta (1)
Edu Co., Silver Spring, Md. (16)
Educare, Inc., Chestnut Hill, Mass. (1) (d)
Edufax, Inc., Washington, D.C. (3) (e)
Family Learning Centers, Atlanta (5)
L'Academie Montessori, Ft. Lauderdale (10)
Learning Foundations, Athens, Ga. (f)
Mary Moppett's D.C. Schools, Scottsdale, Ariz. (50)
Mind, Inc., Stamford, Conn. (g)
Multico Corp., Flint, Mich. (4) (h)
Palo Alto Educ. Systs., Scottsdale, Ariz. (7) (i)
Pied Piper Schools, Phoenix, Ariz. (1) (j)
Piper's Hill, Inc., Stamford, Conn. (1)
Professional Childcare Centers, Atlanta (1)
Social Dynamics (Learning Tree), Minneapolis (8) (b)
Universal Education Corp., New York (5) (k)
We Sit Better, Chicago (0) (m)

(a)-50%-held by Integon Corp. (b)-Evolved from studies or ventures General Mills, Inc. (c)-Previous SEC filing withdrawn. (d) Not to be confused with Edu/Care, the subsidiary of Community Health Facs. (e)-Now wholly-owned by Listfax Corp. (f)-Has 90 elem.-high sch. tutorial centers, to which pre-school program being added. (g)-Adding DC program to its job-training centers (for working mothers); former subsidiary of CPC Intl. (h)-DG div. headed by founder of Kiddie Care. (i)-5% option on equity held by Control Data Corp. (j)-Sold off all 19 franchised DC centers; plans co-operated units only. (k)-Approx. 10%-held by Marcor. (m)-Some 40 franchisers provide home-care for the ill and aged; expansion into DC postponed pending litigation against Gerber Products, former holder of 60% of stock.

Learning Their ABCs

Making the Grade in Day-Care Centers Isn't Always Easy

BY J. RICHARD ELLIOTT, JR.

OVER the doorway to the swank apartment house on Sutton Place, a canopy of royal blue is emblazoned in white: "Sutton Carriage Club." But around the corner at the 59th Street entrance, shaded by the towering Queensboro Bridge, a matching marquee carries a new inscription — "MultiMedia Pre-School" — and these days, that's where the action is. A fortnight ago marked the official opening of this latest of the nation's burgeoning day-care centers (Barron's, July 5). As Volkswagens and Cadillacs lined up at the curb to discharge their small fry, the midsummer calm of one of New York's more exclusive East Side neighborhoods was shattered by squeals of delight. Inside the nursery school's 3,000 square feet of freshly painted and partitioned ground-floor space (at $2,600 a month for rent), the kids clambered excitedly over and under and into a myriad of multicolored nooks and crannies. It was early afternoon before peace and quiet had been restored to Sutton Place. By then, some 20 weary toddlers were taking their naps.

Chalk-Talk by Dr. Brown

As a news story, MultiMedia Education's essay in taming the inner city makes happy reading. As an investment, however, it may be a while turning the corner. Even with full-day tuition pegged for the carriage trade at $45 a week — or $2,250 for a 50-week year — capacity at Sutton Place is 85 youngsters; MM can't hope to reach the 75% breakeven point much before the September term is well along. Nonetheless, it already has attracted interest from near and far. In recent months, as the facility took shape, passersby often stopped to peer through windows. "Then they started coming in to ask where they could buy franchises," says Dr. Sandra Brown, MM's founder-president. "That was an unexpected dividend, but we've had to explain that we're not in a hurry. What we wanted is a prototype, near enough to be closely monitored from our midtown office, for pre-school centers in suburbia." Come autumn, the firm plans to have two 120-child units in operation on Long Island — hopefully the first of many in the outer city, where it believes its market lies.

Meanwhile, the new school undoubtedly will pay off for a few lucky toddlers and well-to-do parents. Dr. Brown & Co. see the chance, at Sutton Place, to test out with pre-school children MultiMedia's $200,000 curriculum, based in part on modern adaptations of Montessorian teaching methods. Essentially, the late Maria Montessori's system allows children to wander about individually at times, from one "unstructured" activity to another, each at his own pace as his curiosity is aroused. "Our technique takes him a few steps further," Sandra Brown explains, "and gives him more options." Thus, traditional Montessorian schools employ such tools of early learning as books and blocks, buttons and bows. MM has multiplied these media — hence the corporate name — by adding some widely heralded electronic aids of its own, including the Listening Nook, the Automated Talking Flash-Card and the Moving-Picture Blackboard.

Dr. Brown's description of these devices almost makes one want to go back to kindergarten. "The Listening Nook is an enclosed cube," she notes, "in which the child can cuddle up with an audio-visual system and select any story he wants to hear. At the Automated Talking Flash-Card console, he pushes a button and up pops a talking card that might identify itself as the letter 'A.' The Moving-Picture Blackboard actually is a lucite screen with a projector in back. The images capture his attention, and the child responds to questions or suggestions by marking on the screen with a piece of chalk." All this Flash Gordon gadgetry apparently works, too. According to MM's vivacious chief executive: "Two years of remedial experience with public school children at New Rochelle have shown that we can improve reading proficiency by one grade level in 48 hours. Now we'll prove what we already know — that a pre-school kid is the quickest study alive."

Showing and Telling

Slowly but surely, private industry is demonstrating to the public — and to government officials in the public-school establishment — that day-care centers can be run for the good of the children as well as investors. There have been misadventures on both counts, to be sure, but the private sector holds no monopoly on failure. Besides, most corporate dropouts unwittingly add to the know-how of those who survive. A public school system all too often perpetuates and even compounds its errors. By contrast, a private competitor unable to make the grade (owing to the same deficiencies — poor planning or performance — any successful company must overcome), under the iron laws of the marketplace automatically is expelled. In short, the bright boys in day care earn their passing marks at least partly by learning from the mistakes of others.

Be that as it may, the fact is that government, at one level or another, still dominates the nursery — and is there to stay. Some 1,000,000 kids attend non-profit centers supported wholly or partly by local, state and federal taxes, to say nothing of 120,000 more in Family Day Care Homes sponsored by municipal agencies, where mothers are taught to tend

SOURCE: Barron's, vol. LI, no. 32, August 9, 1971: 5, 10, 12, 14.

bills for quality pre-school education—and very likely will insist on getting it.

They'll be heard in the marketplace. Without even considering the logical extension of private pre-school centers into the domain of public elementary schools—although the European idea of such a choice for parents, based on the sort of state-funded voucher system advanced years ago by Professor Milton Freedman, is gaining increased currency of late—the market may well turn out to be far bigger than anyone, not least the man in the Street, so far suspects. One set of figures, which even a bright-eyed kindergarten kid could work up, happens to be precociously to the point. At going rates for certified teachers and "para-professional" instructors, educational materials, hot lunches, institutional supplies, real estate, mortgages, bricks and mortar and all the rest, the day-care tuition tab for U.S. youngsters under six tots up to a potential $7.5-$10 billion a year.

Calling the Roll

All of which explains why so many corporate investors have been hungry to enroll. Wall Streeters schooled in the rise and fall of some recently "hot" industries will recognize one or two warmed-over entries on the list. Several spanking-new names, probably known only to a select few, more closely fit the traditional pattern of hot-industry development. Thus Kiddie Care, Children's World and MultiMedia Education, to cite three, were conceived and delivered to the stock market virtually in the twinkling of an eye. Along with a number of firms still privately held—some of which almost certainly will go public as soon as their promoters decide the market's right (see table this page) — they represent, from an individual investor's point of view, the true "plays" in day care.

Other concerns like Kinder-Care, Sullivan Pre-School and Les Petite Academies were ready with public offerings last year, when the market wasn't; rather than wait they chose to merge their equity interests with those of growth-minded companies boasting established lines to Wall Street and easier access to cash or credit. The new parents, respectively, are Wabash Consolidated, Behavioral Research Laboratories (which subsequently made a secondary public offering) and CenCor, Inc. Outsiders in related fields decided to take a flyer, too: Listfax, a computer-service company with an education division, launched Edufax; Hasbro Industries, the toy maker, bought up Romper Room Schools. Gerber Products, the baby-food formulizer with a toehold in many other promising sectors of the market it considers its own, not illogically set up a Children's Centers division.

Then there are firms further removed from the action which spotted opportunities in day care. Two franchising companies, one in fried chicken and the other in nursing homes, were among the earliest. Both tried transferring their technique, with unhappy results. Performance Systems, deep in debt, has sold off all but one of its four American Child Centers and has put that unit (which reportedly is near break-even) on the block, while Four Seasons, in receivership, still owns its original Small World prototype.

Although neither company got its program off the ground, however, franchising may not have failed the test in child care. Gerber, CenCor, Hasbro, L'Academic Montessori and Pied Piper quit the game, to be sure, but others like American Day Nurseries, the subsidiary of Integon (a diversified insurance holding company), simply postponed their plans and will get underway with franchising programs later this year. Moreover, such franchisers as Day Care Centers of America, Sesame Nursery Centers (Alphabet-Mary Moppett's Day Care Schools, have pursued their operations without pause.

At the same time, a number of nursing home companies other than Four Seasons have branched out into the pre-school field — making Sen. Mondale's "Medicare" comment unwittingly apt. National Living Centers (formerly National Geriatric), Community Health Facilities and Care Corp. are examples; each sees operating similarities in such areas as real estate development, personnel-training and purchasing. Still another, AID Inc. (formerly American Institutional Developers), has even decided to abandon further expansion in nursing homes in order to concentrate on both day-care centers and hospitals.

Well-healed corporate giants stuck a tenative toe in the water, too. Among the most prominent were General Mills, General Foods and Westinghouse, each of which now has withdrawn, having somehow failed to find day-care operations sufficiently promising. General Electric and Time, Inc., whose 50-50 partnership in General Learning dates back to Wall Street's "edubiz" craze of the mid-1960s, at long last are about to set up a small prototype center. General Learning nurses big plans for industrial day-care units—hopeful eventually of signing contracts, for openers, with some 15 to 30 of the 200-odd plants operated by GE.

Singer Co., far from least, is the one giant moving ahead with deliberate but perceptible speed. For the world's No. 1 operator of sewing centers, the move is anything but zig-zag: a going Education & Training Products division (audio-visual equipment, etc.) provides Singer Learning Centers with a comfortable fit. Also going for the company is a well-burnished image in the world of working mothers, where its name is a household word. Not surprisingly, Singer's investment in day care is private industry's largest.

No Child's Play

As all the foregoing suggests, then, there's something here for everyone. Quite possibly, that helps to explain why the stock market seems to be of two minds on pre-school ventures. Historically, private education for profit has lacked widespread public appeal—as well as profit—and a few recent misadventures in day care have been enough to embolden the cynics everywhere. "Any idea or concept introduced in this country is quickly seized upon and perverted by money-making opportunists," came a blast from the nonprofit Black Child Development Center. "Child development and day care are no exceptions."

Similarly, a well-publicized (if poorly researched) article in The New Republic expressed as fact the curious conclusion that "licensed for-profit centers are in the day care business to make a living, not because they are interested in children." Expanded NR's author, an editor of the magazine: "The most careful market survey I've seen suggests that, barring federal windfalls, there is no safe market for selling day care in the inner cities or in the affluent suburbs." Kirby Westheimer, president of Learning Development Corp., a business advisory service specializing in education, nods his supposedly hard-headed agreement. In a widely circulated lecture titled "Fleecing the Pre-School Sheep," Mr. Westheimer claimed that dollar-and-cents experience in nonprofit day-care centers proves that none can be run profitably—except at the sacrifice of "quality."

Investors thus have been duly warned that day care is not exactly child's play. Still the challenge to many appears irresistible, since "quality" is in the eye of the beholder. A massive industry study ("The Early Childhood Development Market, Part One: Daycare," $250 per copy) published earlier this year by a New York consulting firm, Edubusiness, Inc.—and already somewhat out of date—guardedly finds that "the company which provides a quality nursery school with a formal educational component, chooses locations carefully and can charge a worthwhile fee, will probably do well." Outside the realm of public education, of course, that's the name of the game.

What private enterprise is offering, after all, is a new approach to child care—based on incentive rather than fiat—for which success would be its own reward. "It's taken time," says Dr. Sandra Brown, the highly respected president of Multi-Media Education, "but people are coming to realize that if you don't like what you're getting in the public schools, you can buy a better education for your children." Points out Richard Grassgreen, executive VP of Kinder-Care: "Making money and providing quality go hand in hand, no less so in this business. Quality is a happy child and a happy parent." Inevitably, successful day-care programs aren't developed overnight and don't come cheaply. "This isn't the motel business," explains an officer of American Day Nurseries. Sums up Robert Young, executive VP of AID Inc., and, significantly, a former official of the government's Head Start program: "We're on the right track here. I'd be less than honest if I said we know all the answers yet. But we're learning."

"According to government figures, (the proprietary companies) usually do not take in enough money to provide what the bureaucrats classify as a good day-care center. The conclusion can only be that the proprietary centers, by and large, are not quality operations, or that there is a lot of wasted money in the government-supported projects."

Edubusiness Inc.,
"The Early Childhood Development Market, Part I: Daycare"

their own children as Uncle picks up the tab. Most of the centers run by institutions and industrial plants, for the benefit of women on their respective payrolls, likewise are getting federal aid. Moreover, any center accepting U.S. funds is faced with Washington's stringent regulations on day care. The most severe deal with staffing: where federal money is involved (even in paying the tuitions of children on welfare), there must be one adult on hand for each four to seven kids, depending on their ages — ratios which demand at least twice as many teachers as most state licensing laws require. The latter, finally, differ widely from one state to the next. But to obtain the certificate that permits it to do business, every child-care center must meet local standards covering personnel, programs, health services and building specifications. These, inevitably, range from reasonable to restrictive.

The Mother Markets

Government also has become one of the industry's important customers — indeed, one of the four major markets in the day-care business. Normally, this is not a matter of direct tuition subsidy — although it's clear that the taxpayers' investment in disadvantaged children is responsible — but rather of government's self-revealing role as a contractor for private services, particularly in the creation of programs and the follow-on management of such operations. Similarly, institutional and industrial employers have begun shifting course on day-care planning, from the do-it-yourself route followed by most of the 150-odd plants with non-profit centers (two-thirds of them hospitals) to the hiring of professional specialists. Both areas, in which day-care companies spend heavily on marketing and promotion before hoping to land contracts, supposedly offer the offsetting advantage (according to Edubusiness) of "a stable base of children, as opposed to the operation that depends on parental whim for its customers."

Most operators are taking their chances on the whim, since therein lies potentially higher profits — as well as the experience necessary to bid effectively for other jobs. The operation of proprietary centers varies by individual company, but this "parental" market breaks down essentially into two different basic services. One might be called simply "day care," since a few pedagogues insist that's what the term really implies: all-day tending of preschool kids, for mothers who need or want to work. The primary emphasis is custodial, although some form of nursery-school instruction is usually given as well. The other, denigrated by "day care" purists as educational posturing, generally is referred to as "child development." Emphasis here is on the teaching curriculum; catering to more affluent parents, the sessions often run just half a day (since most mothers don't work and the hours don't matter), with tuitions scaled appropriately higher. Such "early learning" centers, in nearly every case, provide "day care" service, too, if only as a sideline.

The Learning Process

All together, these activities provide the child-care business with four fairly distinct markets: middle- and upper-income parents; working mothers; institutional or industrial plants; and government. Despite overlapping, each calls for special capabilities and resources; depending on how they view their best interests, all of the leading private operators have targeted at least one for special concentration. Which offer the best chances to make the grade in day care? As Donald W. Smith, chairman of Singer's executive committee, indicated recently, final test results aren't out yet. "In our growing involvement in the educational field," says Mr. Smith, whose company is involved in all four markets, "we ourselves have become chief among the beneficiaries of the learning process."

Two of the four, similar in other respects (both rely increasingly on U.S. funding, as noted), enlist day-care companies in the business of outside contracting: respectively, the government and institutional/industrial areas. Least promising of any may well be the latter, even though, ironically, it has gotten the most favorable publicity of late. Busy-bee Singer, after woeful experience at the most celebrated industrial day-care center of them all—the one operated by its KLH Research & Development subsidiary in Cambridge, Mass.—now has two contracts in the works, to serve even larger plants. Whether the sewing machine giant, which has a highly promising proprietary program underway at the Singer Learning Center, managed to learn its ABCs from KLH's troubles remains to be seen. "The experience actually was not too useful," says Lloyd L. Kelly, VP for educational and training products. "KLH was not the ideal situation."

That's putting it mildly. Launched in 1969 as a federally supported experiment—virtually all the R&D firm's business is aerospace-related—KLH Child Development Center was set up in an abandoned (but costly) warehouse as a non-profit corporation, nominally separate from both the parent and grandparent companies. That limited the drain on Singer & Co. Government and foundation money covered more than half the first-year costs of $117,000, with KLH employes (and a smattering from nearby MIT) paying the rest. By this year, as subsidies rose to more than two-thirds of a $144,000 budget, parent tuitions (at $37.50 a week) amounted to just $46,875 — only a handful of the 70 kids actually had parents on KLH's payroll. Unless an unexpected reprieve comes through, the center, with its U.S. funding cut off as of June 30, will be closed for good.

Northeastern University took a hard look at KLH's situation and found, in a weighty report, how everything can go wrong in industrial day-care. For one thing, a plant should survey its employes before rather than after it opens the center; management discovered belatedly that a mere 30% of its workers (many of them men) had pre-school children, and just seven bothered to sign up. Another essential is full employment, with workers having special skills and living near the plant; KLH failed all these tests, too, owing mainly to layoffs from contract losses. Finally, start-up costs should be held down (by using idle space and in-house service personnel) but volunteer help minimized (it's "unreliable") and administrative talent maximized, even ahead of that for education: KLH, winding up with 16 teachers (nearly all certified), or two for each nine kids, faulted on every count. Concluded Northeastern's professors: "Industry-related day-care, for preschoolers only, is suboptimal."

Community Service

Not far from KLH, Avco Corp. seems to have found subliminal value in a deficit-prone center it runs inside its printing plant in racially tense Roxbury. There's surely no commercial benefit, such as reduced absenteeism. Of the 40 kids enrolled, 15 are welfare clients; only five Avco employes use the facility, paying $15 a week (less than one-third the cost per child), and the company, despite $13,500 in federal subsidies, foots nearly half the annual $65,000 tab. "It's a service to the community," explains Avco's PR man, but he adds that a proprietary day-care company may be summoned soon to take over. (An Avco plant in Montana also runs a center for employes and local WIN kids.)

Meanwhile, in Benton Harbor, Mich., another community service is operated by Whirlpool. Its 65-child non-profit facility, funded jointly with other local firms (and a foundation grant), benefits just three Whirlpool workers. Still another of the kind is Control Data's inner-city Minneapolis facility. Though freighted with a highly sophisticated curriculum developed by Palo Alto Education Systems — whereby CDC acquired an option for 5% of the West Coast firm's equity — the 90-child ghetto nursery, open to CDC personnel only, has 75 vacancies.

Waiting for the Phone

Little more than a score of factories, all told, run such day-care centers for employes at present. As the foregoing suggests, each can sorely use professional help, if not already getting (or seeking) it. Elsewhere, other labor-intensive plants are becoming interested, but a substantial market for the industry remains elusive. To illustrate, Ma Bell, with more than its share of working mothers, has been dealing with a number of private firms but has awarded only a couple of contracts. One, for five years and $825,000, was let by AT&T's Washington subsidiary, Chesapeake & Potomac Telephone, and literally put a newcomer, Community Learning Centers, into business. "There's no way around public or private sponsorship," Community's Dr. David S. Pollen believes. "The margins are just too tight." Sesame Nursing Centers (Alphabettand), though it doesn't subscribe to that theory, also made a proposal to AT&T not long ago — but is still waiting for the phone to ring.

Probably the best indication of how the industry views this market lies in the fact that only two day-care operators seem to be going after it with anything approaching zest. Gerber's new Children's Center division went south, where textile manufacturers in tight-labor straits have been operating a number of in-plant units, to hire away the executive who set up Skyland Textile's successful center. "What I'm doing now," says Ned Thompson, "is just traveling around and visiting with companies. We're in a pilot phase." The other, General Learning, will open a prototype center this fall. Eyeing the 200 plants run by its co-parent, the firm's Ray Stark concedes that GE has given it no encouragement other than to permit the solicitation of individual factory managers. "I'd estimate about 15 to 30 plants have suitable locations and payrolls," he says, "but many others could go the community-service route. We wouldn't operate those, but we'd be right there trying to sell programs, materials and technical assistance." Indeed, Mr. Stark admits that the operation of such centers is not even regarded as a potential profit center for General Learning. "Supplying their needs," he says, "is our only interest in industrial day care."

Nephews and Nieces?

Potentially the biggest and most unpredictable customer is Uncle Sam — unless public-school advocates have their way, in which case pre-school parents one day may regard Uncle as Big Brother. "Beyond 1975," alleges Edubusiness, "it is unclear under whose constituency pre-school education and day-care will fall, and direct operation may be taken out of the hands of proprietary companies." Abt Associates, the prestigious Cambridge research firm, agrees. It recently completed a huge OEO-financed study of programs and costs, based on surveys of 20 day-care centers and systems—all but one non-profit. Except for certain planning-assistance contracts from government, such as several of its own, Abt concludes that the market holds "very little future for proprietary day care." According to researcher Richard Ruoff: "The passage of new legislation, if it's like the (Rep. John) Brademas (D., Ind.) bill, will largely cut out the private sector."

From almost any other vantage point, however, nothing seems less likely, since to all appearances the trend is in the opposite direction. Earlier this month, to illustrate, The Wall Street Journal noted that Head Start, the Office of Child Development's scandal-ridden pre-school system for ghetto kids, this fall will attempt to enroll children of middle-income parents on a 10% quota, for a "social mix." They'll pay fees based on a sliding scale, running up to $1,360 a year for families in the $10,000-$10,500 bracket. While such fees would be far below Head Start's per-child costs, the news is scarcely earth-shaking: many private day-care centers (with programs equally as good) charge considerably less, and those that don't (such as MultiMedia) offer much more for the money.

In other words, government-operated day-care centers are not competitive. Nor would Mr. Ruoff's "new legislation" make them so — though it could materially alter things in quite another respect, almost certainly to the vast benefit of proprietary operators. Specifically, the Brademas bill, one of many offered in both houses of Congress last year and this, calls for greater spending on day care than even the Administration's expanded budget would allow; it also introduced the idea of extending benefits beyond poor families to those of middle-income. That bill, however, is peanuts compared with a bipartisan proposal (which Rep. Brademas has joined as one of several co-sponsors), now reportedly gaining support among Capitol Hill liberals—if not in the White House. (Brademas originally carried a price tag of $2.4 billion for the fiscal 1973-75 period: the latest plan would up the ante to nearly that amount in the first year alone, adding $4 billion for FY '74 and $7 billion for '75.)

Moreover, the scheme would aim 35% of the funds for facilities and operating expenses at the children of middle-income families. Parents earning less than the federal "lower living standard," equal to $6,900 for an urban family of four, would pay nothing, while those in higher brackets would put up a part of the tuition based on what they could afford. But that hardly means cutting out the private sector, even if fees are pegged well below competitive commercial rates. On the contrary, it's an invitation to greater private efforts. "Look around and you'll see more and more states and municipalities being forced to slash their budgets for education," points out Dr. Arthur Rutkin, director of the Community Health Facilities subsidiary, Edu/Care. "Private industry can do so many things these days that the public sector simply can't."

Especially in pre-school child development, the facilities, trained personnel and proven operating programs essential to that kind of expansion do not now exist and could not be expected to sprout overnight on the barren wastes of the public-school system. Experts in and outside of Washington calculate that as much as 40%-50% of any such windfall necessarily would go, one way or another, to the experienced hands of private industry.

In any event, local, state and federal largess would have to go out on some form of cost-plus basis, or it wouldn't go much of anywhere. Unless some of the ground rules are changed, contracting for technical services is the only kind of government market with current appeal to companies in the day-care business, and many don't even care for that. "I served my time in public education and got out," says MultiMedia's outspoken Sandra Brown, "just because I wanted out of the whole bureaucratic morass of government projects and government control. I'm happy out here minding my own business."

(To be concluded)

This is the second article on day care, originally intended as a two-part series. The story has been expanded and will run in three instalments, with the third and final report appearing soon.

Corporate care for kids

Among the new social pressures that have converged on U.S. business in the last few years, one of the most insistent has been the demand for companies to provide day care for the preschool children of the women they employ. It is a demand to which a good many businessmen have become responsive, for a variety of reasons. Some simply want to improve their employee relations or to help reduce local welfare rolls by making it possible for more mothers to work. Some are anxious to lower absenteeism and turnover among their female workers. A few see the demand for day care as an opportunity for direct profit.

Many companies set up makeshift day-care facilities during World War II to accommodate the offspring of Rosie the Riveter and her workmates. But almost all of them were quickly disbanded after V-J Day. The current wave of corporate experimentation with day care is recent; none of the varied facilities shown in these pages existed before 1969. According to an estimate by Chicago's Urban Research Corp., about a dozen corporations now run their own day-care facilities, while many others contribute substantially to community centers.

The federal government appears to be getting ready to enter the day-care field in a big way, a development that could ease some of the pressure on individual corporations to offer their own facilities —or help them pay the bills. Washington's new efforts will fall far short of meeting the demand of Women's Lib zealots for universal free care, which the Department of Health, Education, and Welfare figures would cost up to $30 billion a year. President Nixon's family-assistance plan envisions annual outlays of $750 million to provide day care for poor families. Other proposals before Congress would make available up to $10 billion a year. —WILLIAM SIMON RUKEYSER

Research associate: Mary Robertson

In Ma Bell's maternal arms

Telephone companies, tied to central cities and heavily dependent on relatively low-paid female labor, have been in the vanguard of the move toward company-sponsored day care. Since April 1, employees of Washington's Chesapeake & Potomac Telephone have been able to park their youngsters at an imaginatively designed center (pictured at left and top right) for a fee of $15 a week each. The facility, housed in a converted supermarket, is operated for C. & P. by Community Learning Centers, Inc., a new firm specializing in planning and running day-care centers. It tries to combine what it calls individualized educational experiences with economies such as portion-controlled frozen lunches. C. & P. put up $40,000 to launch the center and contributes $1,500 a week to its operating budget.

Somewhat surprisingly, the Washington cen like a number of others recentl, opened, has not been overwhelmed by applicants; there is room for over a hundred children, but only about thirty-five are now enrolled. Explains one telephone executive: "People are not lining up yet because they aren't clear about what the center is, and some equate day care with institutionalizing kids." He confidently expects that the facility soon will be filled.

In Chicago, Illinois Bell is taking quite a different approach. Since April, 1970, Illinois Bell has been arranging day care for employees' children in the homes of 123 local women—including Mrs. Mollie Longstreet, shown in the photograph at right—who receive nine hours of training in early child development at company expense. Then they are licensed by the state to look after as many as four children at a time. The women are paid directly by the working mothers; fees average $15 to $25 a week per child. While conventional day-care centers rarely admit children younger than three, some 75 percent of the children placed in Illinois Bell's "foster day-care homes" are under two and a half.

SOURCE: Fortune, vol. LXXXIV, no. 3, September 1971: 102-110.

Company support for a union shop

Free to its users—all children of members of the Amalgamated Clothing Workers of America—this center in Chicago is run by the union. But it is financed almost entirely by some 150 Chicago-area clothing [illegible]nies and stores, which are [illegible] by their labor contracts to contribute about 10 percent of their payroll to the union's social-benefit trust fund.

Built early last year at a cost of $125,000, the center includes a twenty-five-foot by thirty-five-foot outdoor playground (right) and another of about the same size on the flat roof of the building. A staff of ten, including three men, looks after sixty children ranging in age from three to six. Mothers can drop the youngsters off as early as 6:00 A.M., the hour at which the picture below was taken. Where parents are invited to stop (left) is at a bulletin board.

Operating costs have mounted to $158,000 a year, or about $55 a week per child, including two meals and two snacks each day; there is a full-time cook. Children receive full medical care without charge at a union clinic next door. Though the center was supported entirely by the Clothing Workers' trust fund until recently, the state of Illinois is now contributing toward the hot lunches. In addition, the center this summer received a $60,000 grant from the federal Office of Economic Opportunity.

A playground at the plant

In its printing and publishing division's plant in Boston's low-income Roxbury-Dorchester area, Avco Corp. offers day care to children of employees and other community residents alike. Only six of forty youngsters currently enrolled have parents working in the plant, partly because the present work force includes just twenty-three women. Now newly available federal and state funds will be used to triple the center's staff, raising capacity to 118 children, and the operation will become largely autonomous.

Setting up the center originally cost $100,000. Parents pay $15 a week per child, but that covers only a third of the operating budget. The center occupies a huge T-shaped room on the plant's second floor, well away from the noisy machinery downstairs. Just outside there is a fenced playground.

In the picture below, Sarah Jarvis, a co-director of the facility, directs the attention of two of her young charges to some hollyhocks alongside the company parking lot.

Sewing up a new line of business

By far the biggest investment in child care by business has been made by Singer Co., which this fall will be operating four suburban Singer Learning Centers, at a total start-up cost of $3 million. The company's first center, shown here, opened last September at Cherry Hill, New Jersey, with facilities ranging from the compact teaching machine at left, which utilizes tape cartridges and film strips, to traditional attractions such as a puppet theatre. Other centers will open this month in Fort Jefferson, New York, Worthington, Ohio, and Columbia, Maryland.

Singer is running the centers as commercial operations, though it says it expects them to return somewhat less on invested capital than its other businesses. Day care, from as early as 6:30 A.M. to 5:30 P.M., is available at $37 a week. That is less than the cost per child incurred by most other day-care centers. Nevertheless, Singer hopes to show a profit, partly because the day-care operation adds only marginally to the costs of the centers, which are primarily intended as schools for children three to eight. At Cherry Hill, only about twenty of the more than 300 children enrolled last year stayed all day.

Trying to break even in Benton Harbor

Twenty-six companies in Benton Harbor and St. Joseph, Michigan, helped set up Twin Cities Area Child Care Centers, Inc., whose first and, so far, only center opened in Benton Harbor in 1969. The $180,000 needed to launch the facility was raised through private contributions, but Whirlpool Corp., the most active of the corporate participants, made available the services of a number of its departments, including real estate, legal, and personnel. The chief organizer of the center, Jack Sparks, is a Whirlpool group vice president.

Youngsters keep their toothbrushes at the ready in the center's co-ed washing up area, and bus transportation is available for 25 cents a day. The basic charge is $28.50 per child for a five day week; scholarship money, raised locally and from federal grants, is available to poor families. Even so, the center, like most others, runs in the red (and, again like most others, has fewer children enrolled than its eighty-child capacity would allow). Actual operating expenses come to about $40 a week per child, with most of the deficit made up by donations from individuals, companies, and foundations. Says Mrs. Elsie West, Jack Sparks's secretary, who acted for a time as director of the center: "I wish we knew how to break even. You can't charge parents what it costs to run a center."