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ABSTRACT

While analysts debate the shortage of child care, the efforts of several major corporations, including I.B.M. Corporation, Bank of America, and Mervyn's Department Stores, are spending millions of dollars trying to recruit and train new child care providers. Nearly half of all children in child care are in family day care homes. Millions of dollars have been put into communities around the country to stimulate the supply of child care. Resource and referral (R&R) centers have had considerable success in coordinating efforts. Although day care centers serve more children and tend to last longer, family day care homes can be established at a significantly lower cost. Employers involved in R&R services find that family day care recruitment can increase the success and value of the referral effort and ultimately satisfy a larger number of employees. Recommendations include increasing the number of sponsored or coordinated family day care homes; streamlining reporting requirements; and addressing affordability and supply at the same time. (The paper includes 6 data tables and 27 references.) (CML)

28. ADDRESSING THE SUPPLY PROBLEM: THE FAMILY DAY CARE APPROACH

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The Conference Board

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28. ADDRESSING CHILD CARE SUPPLY: THE FAMILY DAY CARE APPROACH

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Child care is a national policy concern because of its potential impact on the development of children, the welfare of families, and the employment and productivity of working parents. There is a growing consensus among the public, Congress and corporations that something should be done to improve child care services to address increasing poverty rates, labor force shortages, stagnating productivity, and under-educated children. Yet as child care finally grabs the national spotlight, the debate lingers over what are the problems and how best to solve them. There is the common perception that the primary problems relate to supply, quality, cost and access. The solutions will differ depending on one's definition of the problem. Unfortunately, we know less than we should about the interaction of these problems or the effects of various solutions in addressing them.

This paper will take a look at the supply problem and review a particular method of remedying it: expansion of family day care homes. At the heart of the debate on supply is the question of whether there is a shortage of child care services, and if there is isn't, why are hundreds of referral agencies around the country spending millions of corporate dollars trying to recruit new child care providers? The specific programs reviewed in this paper were spearheaded by I.B.M. Corporation, Bank of America, and Mervyn's Department Stores.

This paper concludes with policy recommendations for ways to remove obstacles to the expansion of family day care and suggestions for better targeting resources into family day care recruitment. Recommendations will also consider some of the implications of this supply building for the other problems in the child care delivery system, namely quality, cost and access.

IS THERE A SHORTAGE OF CHILD CARE?

The public tends to believe that there are not enough child care services to meet the demand for them. In a 1987 survey by the American Federation of State, County and Municipal Employees (AFSCME), more than half thought there were not enough; a quarter thought there were. In a 1985 survey of 800 women by Glamour magazine, 76 percent agreed that child care facilities should be more readily available for workers.

There are continual reports of a nationwide shortage of child care workers. This is a function of a decline in the population of 18-24 years old -- prime years for child care workers. The labor shortages plaguing other service industries affect child care as well. The field is also less attractive to young women faced with employment opportunities that offer better pay, more respect and no fingerprint checks. As a result of these factors the supply of new providers is unable to offset rampant turnover among child care workers. An estimated 60 percent of family day care providers cease providing care every year and 40 percent of center staff leave the field each year. (Galinsky, 1988)

Another indication of a shortage is that centers typically report waiting lists. This is evidenced by the fact that these programs rarely advertise since they have no openings to fill. Parents attest to this in their responses on company needs assessments suggesting difficulty in finding child care. In six surveys of employees working at 40 companies, between 30 and 64 percent of working parents report at least some difficulty finding child care. (See Table 1) Do these assertions indicate a real shortage or a mismatch of demand and supply for parents in various income groups, regions of the country, and with different program preferences and ages of children?

For instance, one large, pharmaceutical firm in the Northeast found that the kind of care being sought makes a difference. Where half of all parents reported some or a great deal of difficulty finding care, 79 percent reported difficulty when looking for sick child care, 60 percent found infant care difficult to find, and 54 percent reported difficulty locating school-age care. The lowest percentage (39 percent) said that it is hard to find child care for their preschoolers.

In a study of employees in 33 firms in Oregon, Emlen (1987) found that those reporting difficulty finding child care are twice as likely to make arrangements with which they are dissatisfied, twice as likely to report stress about child care, and, almost invariably, more likely to feel that child care is difficult to continue or maintain. These difficulties reach the workplace in the form of stress and absenteeism, which was confirmed in a nationally representative study conducted by Bank Street College for Fortune magazine. (Galinsky, 1987)

This difficulty in finding care may even lead to reduced labor force participation. Walker and Woods (1976) report that 26 percent of nonworking mothers would work if child care were available and affordable, and 13 percent said they would work more if they could obtain the child care they needed. In several company studies, it was found that new mothers do not return from maternity leave -- at all or as soon as they might have -- due to the dearth of infant care services.

Despite these reports from parents and providers, economists who have recently begun to focus on child care proclaim doubts about a shortage. At a 1988 symposium sponsored by the Child Care Action Campaign where a group of economists and child care experts were convened, Rachel Connelly, an economist from Bowdoin College, concluded that, "Economists who say the child care market is in equilibrium assert that parental struggles stem not from an imperfect market -- which is what a shortage indicates to them -- but from the fact that many parents simply do not have enough money to pay for quality child care at the market price. (p. 24) Connelly acknowledges the work of Myra Strober who concludes that even a market in equilibrium "leaves many families unable to satisfy their desire to purchase formal child care." (1975, p. 354)

Compared to perceptions and academic theory, what does the data show regarding the demand and supply of child care?

<u>Demand</u>. Among the 22 million children under the age of six, about half have working mothers. (Hofferth, 1989) During the 1980's, the number of preschoolers increased, as did the labor force participation of mothers. (See Table 2) While the size of the preschool population will not rise significantly during the 1990's, 40 percent more of them will need child care because their mothers are more likely to work. (Mathematica, 1989, p. 5). Hofferth (1989) predicts that if trends continue as they were between 1970 and 1985, by 1995, two-thirds of

children will have mothers working, or just under 15 million preschoolers.

These figures may not incorporate the impact of the Family Support Act which requires a mother receiving public assistance to seek employment if her children are older than three. This will swell the ranks of child care seekers, whose low-level skills and low wages will limit their child care options and prevent their purchasing quality care.

Of the 11.3 million children under age six whose mothers worked in 1985, 48 percent, or 5.4 million children were in the care of relatives. Another .6 million, or 6 percent, relied on an unrelated person -- a sitter, nanny, or au pair in the child's home. The remaining 5.3 million used out-of-home, non-relative care. This latter care includes 22 percent who use family day care (including both licensed and unlicensed care) where a neighborhood woman (usually) cares for the child in her own home. Another 23 percent use a day care center or nursery school (Hofferth, 1987, Bureau of the Census, 1987).

These rates of use indicate a decline in care by relatives and by sitters in the home, small increases in family day care home use and dramatic increases in center-based care. (See Table 3) (Hofferth 1989)

Supply. In 1986, there were an estimated 63,000 child care centers, of which 40,000 were estimated to be in operation. (Prosser, 1986 in Mathematica, 1989, p. 1) These centers had a capacity for approximately 2.1 million children. The number of centers has doubled over the past 10 years. (Hofferth, 1989, p. 7).

The number of family day care homes is more difficult to estimate because a sizeable portion of them -- somewhere between 50 and 90 percent -- are unlicensed. In 1986, there were 165,000 licensed homes, of which 105,000 were in operation. (National Association of the Education of Young Children [NAEYC] National Day Care Home Study, Divine-Hawkins, 1981, in Mathematica, 1989, p. 1) These homes had the capacity to serve a half million children. Between 1977 and 1987, licensed family day care homes increased by about one-third. (Hofferth and Phillips, 1987)

Hofferth estimates that if there are 2.6 million licensed slots (2.1 million in centers and .5 million in family day care homes) and 5.3 million children in out-of-home, non-relative care, about one-half of those using out-of-home care are in unlicensed programs. She concludes that the shortage may pertain to a deficiency of licensed slots.

In a study of Child Care Supply and Needs by Mathematica Policy Research, Inc., the local market for child care was tested in each of three cities. These locations were the demonstration sites for the Teenage Parent Demonstration project of the U.S. Department of Health and Human Services designed to test innovative approaches for increasing the self-sufficiency of welfare-dependent, adolescent parents. Interviews were conducted with 167 child care centers, 160 regulated family day care providers, 294 unregulated family day care providers, and 989 child care users. These data were consistent with national figures cited by Hofferth. They found that half of preschoolers were cared for by their non-working mothers; about 30 percent had care provided by relatives; about 15 percent were in family day care; and the remaining 11 percent were in child care centers.

The study found that 30 percent of parents preferred a different child care arrangement, primarily to improve quality and learning experiences for their children. Less than five percent indicated that costs were the reasons for desiring a change. (p. 11)

A significant number of mothers with preschoolers (19 percent) said they would work if acceptable and affordable child care were available. These parents had a reasonable view of what they would have to pay, "suggesting that the barrier was not cost per se, but access to providers." (p. 11)

Cost. Hofferth (1987) found that in 1985, 20 percent of families in which the mother works did not pay anything at all for their child care. Relatives get paid about half the time. Among those parents who pay, child care accounts for about 10 percent of their total income, amounting to about 25 percent of the mother's wages. (See Table 4) Care for 40 hours per week ranges from between $40 - $60, or $2,000 - $3,000 per year, depending on the type of care used. Similar estimates were found in nationally representative studies, such as the Survey of Income and Program Participation and the Consumer Expenditure Survey. A recent survey reported in USA Today, 1988, found weekly expenditures of $56, or $1.50 per hour. (Hofferth, 1989, p. 9)

Affordability may be a tremendous problem for lower-income families who are paying as much as 25 percent of their family incomes on child care. However, it would seem that 10 percent is not such an onerous amount that it would cause parents difficulty in paying for child care. In the Mathematica study, less than 5 percent said they would prefer alternative arrangements because of cost. The Mathematica study also found that among the 30 percent of parents wanting a different arrangement, most of then wanted to have a more educational focus. In a 1988 national survey (USA Today), 50 percent of those who wanted to change their arrangements mentioned reasons of quality, compared to 19 percent for convenience, and only 3 percent for cost. "Paying for child care" was not listed as the biggest source of stress about child care, rather it was "missing big events in children's lives." Hofferth draws the conclusion that "cost is not the biggest source of stress for parents; rather quality issues are very high on the list." (p. 11) Quality was the number one concern among the Child Care Action Campaign's National Advisory Panel comprised of 500 leaders from business, government, civic groups, media and the child care community.

There is no research suggesting that parents believe one type of care consistently is better than another. Family day care and child care centers offer different things to different children. Although centers are often thought to be more educational -- that is, more likely to have a specific curriculum -- a well-trained family day care provider can provide a program of comparable developmental and intellectual strength. But some children learn better in small groups and only the family day care home would allow those children to benefit from an educational curriculum.

We don't know as much about parents' child care preferences as we do about their choices. A choice is predicated on what is available. If all forms of child care were in ample supply, what would parents choose? The only consistent pattern from which some answer can be provided is that relatives are generally preferred, that home-based settings are preferred for infants and younger children, and that nursery schools, child care centers and other large group settings will be a preferred arrangement for four, five and six year olds. Parents undoubtedly want quality in each of these arrangements when they are used.

There is one important difference between family day care and centers. The former offers a way to address both supply and demand by having a mother care for her own children and people's children at the same time. Family day care offers the possibility for "joint production," which economist Rachel Connelly (1988) defines as "doing two productive things at the same time."

Connelly (1988) presents data showing that 72 percent of child care workers who are self-employed have a child less than 13 years of age. About 49 percent of child care workers who are not self-employed have young children. This difference among the self-employed does not occur in other occupations. It would appear that the source of family day care providers i.e., mothers of young children, may be greater than the supply of younger, childless staff that typically work in centers.

There seem to be rationales and opportunities for growth among centers and family day care homes. Given the increase in demand, shortage of supply and the diversity of needs and preferences among parents and children, it is wise to consider a policy course that allows for the expansion of all types of child care. Yet, family day care has often been considered the step-child of the child care market -- much of it informal and unregulated. Much more attention has been lavished on the child care center, particularly since the advent of employer-supported child care. Yet, there are indications from resource and referral agencies and several innovative employers that family day care expansion may be faster, cheaper, and easier to start. It may solve more efficiently the shortages of care for infants, school-age children, sick children and for parents working part-time, weekends and odd hours. This paper will now explore the specific role of family day care in the child care market and the effectiveness of programs to stimulate its supply.

FAMILY DAY CARE

Nearly half of all children in market child care are in family day care homes. The last careful look at family day care was in 1981 with the National Day Care Home Study. They based many assumptions on an earlier review of family day care included in the National Child Care Consumer Survey (UNCO, Inc.) in 1975. Needless to say, much has changed in the last decade. In 1975, resource and referral (R & R) was still an experiment and employer-supported child care didn't exist. The boomlet occurred and increased the number of infants requiring nonmaternal care. Parents have traditionally shown a preference for family day care over center-based care for children under age three. The Children's Defense Fund estimates that 80 percent of all infant care is provided by home-based providers. (Child Care Fact Sheet, 1987)

According to the National Day Care Home Study (1981), there are three types of family day care which are delineated by their regulatory and administrative structures:

(1) Unregulated care: The largest category consists of those providers who operate outside any regulatory system. They are informal, isolated and often provided by women caring for their own children as well. There were an estimated 1.8 million family day care homes in 1981 serving 5 million children for 10 hours per week or more. These homes had the fewest children: 2.8 children per home.

(2) Regulated care: The earlier cited figures from 1986, indicate that a half million children are cared for in 105,000 regulated homes. The number of independent or sponsored, regulated providers is based on 1981 figures.

(a) Independent: This category consists of caregivers who are regulated (licensed or registered) who meet state and/or federal standards. There were an estimated 115,000 homes serving 304,000 children, or approximately 4 children per home, in 1981. This group represents 6 percent of all family day care homes.

(b) Sponsored: This is the small, but growing group of family day care homes which operate as part of a system or network. They represented only 2 percent of all family day care homes, or 42 percent of regulated care in 1981. This includes 30,000 homes caring for 129,000 children. This group had the highest enrollment: 4.3 children per home. They attribute their high enrollment to increased access to information, agency referral and advertising. These homes are also set up where needed.

The experiences of these sponsored, regulated family day care homes provide insights on the advantages of an organized system of family day care. R & R agencies have based some of their recruitment efforts on those of family day care systems.

A coordinated recruitment effort can have many advantages. Family day care is rarely lucrative. In some communities, where providers know good business practices, offer quality, and are able to sustain full enrollment, they are able to charge substantial fees and make a reasonable income. Unfortunately, there are probably more providers who earn below poverty-level wages for work that involves long hours, stress, and no paid sick or vacation time. As Ellen Galinsky, President of the National Association for the Education of Young Children (NAEYC) says, "When I explain what family day care is, I say, 'Imagine you're having a birthday party for your toddler...and it's going to last ten hours...and you're in charge of it...and you're going to have this party every day of the week.'" (California Child Care Initiative Project, 1988)

In 1981, the average salary of a family day care provider for all children cared for was $3,844 or ($73.92 per week). After subtracting such costs as food, materials and insurance, their net income was $50.27 per week. Hofferth (1987) reports that parents currently pay $39 per week for 30 hours of care. Reports from several cities indicate that:

- In Minneapolis, providers earn $20 per day for babies and $14 per day for toddlers.
- In Albuquerque, providers earn $8-$10/day.

- In Philadelphia, low-income providers earn a maximum of $35 per week, while middle-class providers make $65-$70 per week.
- In the Army, providers, who are typically wives of servicemen, earn $4,000 per year.

The R & R Connection

Some of the problems in family day care could be solved via coordination, either through sponsorship or participation in an R & R network. The National Day Care Home Study recommended a closer link between referral agencies and family day care homes. The report concludes:

> [Referral agencies] serve to disseminate needed day care information throughout the community and by doing so help both parent and caregiver. The parent is assisted both in identifying available homes and in making an informed selection once the home is found. The caregiver obtains greater access to parents in search of child care. This helps her maintain her enrollment levels and thus assures a steady flow of income from caregiving. Further, information and referral centers provide the caregiver with practical advice about running a family day care home, advice typically available only to caregivers affiliated with family day care systems. The opportunities to obtain such positive benefits might well induce many currently unregulated providers to become part of the visible family day care network. (p. 52)

This recommendation was obviously heeded because less than a decade later there are over 300 referral agencies, an estimated 93 percent of which are actively engaged in recruiting family day care homes. (Friedman, 1989) Their efforts respond to the demands of parents for whom care cannot be found. They also meet the requirements of the corporations which offer referral services and are concerned about a child care market that may not accommodate their employees. Referral contracts for most major corporations include a simultaneous commitment to expanding the supply of child care. Firms have come to realize that the effectiveness of the referral program will depend on the adequacy of child care supply.

The California Child Care Initiative Project (CCCIP)

The Project was created in 1985 to address the shortage of licensed quality child care in California communities. Developed by Bank America Foundation and funded by a public-private partnership of 33 organizations (10 public agencies and 23 private funders), the program relies on existing nonprofit R & R agencies to recruit and train family day care providers. Since 1985 when the program began, funders have contributed $3.2 million to the program. Though originally administered by Bank America Foundation, the San Francisco Foundation acts as the fiscal intermediary. The California Child Care Resource and Referral Network, a statewide support group for R & R's, manages the day-to-day activities of the Initiative.

During the initial, year-long pilot project, six R & R's in five California counties successfully tested a process of supply-building (discussed in more detail below). Pilot goals were exceeded by 20 percent with the licensing of over 230 new family day care homes and the start-up of five after-school programs. By the end of the Project's first year, over 1,100 new child care spaces had been created.

During the second year of the Project, the six pilots were funded to continue their efforts and ten more R & R's began a two-year cycle. The agencies again exceeded their goals in the second year. From the beginning of the Project in 1985 through mid-1988, 1,600 licensed family day care homes were created, making available 6,500 new spaces for children. In July, 1988, four more R & R's were added to test the model in rural areas.

An evaluation of one county's success with the Initiative was conducted in 1987. Data were collected for 168 family day care providers who were licensed in Kern County, California during a 14-month period beginning March, 1986. Of these, 67 were providers who had been recruited, trained and licensed through the efforts of the Initiative. The purpose of the study was to find out whether the CCCIP-trained providers were more likely to avail themselves of support services and whether they stayed in business longer. The training program involved at least three hours of training, although most had completed a full 18-hour training workshop.

The study found that CCCIP-trained providers were more likely to have joined the local family day care association, participate in the Child Care Food Program, use book lending services and borrow toys and equipment offered by the R & R, and to seek additional training. They also found that a significantly higher percentage of CCCIP providers were in business at the end of the 14-month study period. (See Tables 5,6)

Mervyn's Department Store

Mervyn's Department Stores, a subsidiary of Dayton-Hudson, headquartered in Hayward, California, committed $3.7 million over four years (1988-1991) to recruit and train family day care providers in fifteen communities in which they have a local presence. The overall goal of the program is to:

- Recruit 2,000 new family day care providers;
- Provide training to 4,000 new or existing family day care providers;
- Link local training efforts to national quality standards by promoting the accreditation and/or credentialling of 900 family providers;
- Develop and implement local consumer awareness campaigns to educate parents on the existence and need for family day care quality standards.

It is too early to evaluate their progress, but a 1986 effort on the part of Mervyn's to test the idea has been completed in Atlanta with promising results. After two years, approximately 68 percent of family day care providers recruited through the effort were still in business. The most prominent reason for turnover was the failure to maintain enough children in care. The evaluation found that there is a need to simplify the paperwork and workshop requirements for participation in the Child Care Food Program; simplify the state's registration process;

and eliminate county and/or city zoning barriers. The study concludes, "The project suggests a clear role for public and private partners, for provider training, and for parent referral and consumer education. Mervyn's has blazed a trail in this community, one both public and private sectors need to follow." (Save the Children, 1988)

I.B.M. and Work/Family Directions, Inc.

In 1984, I.B.M. initiated the first nationwide R & R network through its contract with Work/Family Directions. With continued support from I.B.M. as well as funds from local communities and other corporate clients, Work/Family Directions has helped develop over 55,000 new providers of child care in its major sites (of which 45,000 are new family day care homes) within a five-year period. The corporate focus is significant for its efforts to develop new providers in suburban communities (since most earlier funding was directed at inner-city services.)

Although no formal evaluation of the corporate contracts with Work/Family Directions has been made, their experiences provide important administrative and financial information. About 20 percent of the per employee fee for service is given to local R & R's for recruitment purposes.

Some of the funds are to be used for on-going recruitment in targeted neighborhoods determined by the zip codes of employees or where the supply is known to be lacking. Funds are also to be used to recruit for individual parents who are unable to find what they want in the existing market.

Some communities have very little child care and recruitment efforts make enormous improvements in the availability of care. In New Hampshire, for instance, Ethel McConaghy of Work/Family Directions estimates that recruitment efforts made on behalf of corporate clients have resulted in a 40 percent increase in child care slots. Other communities, such as Minneapolis and Long Island, New York find that the market is saturated and provider rolls increase very slowly.

In a community in Texas, Work/Family Directions found that the $20,000 committed to a one-year recruitment effort led to the creation of 200 spaces in 40 homes. In Danbury, Connecticut, the same amount of money yielded 28 new licensed homes, 40 more on the way to licensure, and 50 possible candidates for the future. Twelve day care centers were stimulated through this recruitment campaign as well.

These efforts indicate that the creation of a family day care home will cost about $500 per home. This generally includes training, registration fees, cardiopulmonary resuscitation, and a $150 equipment stipend. A very similar figure was assessed by the National Day Care Home Study for the costs of supplemental services offered through a family day care association. The costs of supplemental services included provider training, transportation, social services and regulatory functions such as home approval and monitoring. These costs constituted 19 percent of all costs of administering a system of family day care homes.

The Family Day Care Subcommittee of the St. Paul Area Chamber of Commerce Child Care Task Force created a program designed to increase the number of licensed family day care providers by 200 in the greater

St. Paul area. This area has the highest per capita provision of family day care so that recruitment efforts are difficult in such a saturated market. The budget for this recruitment effort was $32,961. According to Tom Copeland of Resources for Child Caring who conducted the recruitment effort, the net increase in the number of family day care homes during the recruitment period was 238. During the 10-month period before the recruitment effort, there was a drop of 104 family day care homes.

The most effective strategies developed in these various recruitment efforts are reviewed below.

Effective Supply Building

Today, with so many programs designed to recruit and train family day care providers, there is rich experience to learn from. Detailed handbooks on supply-building have been published and national associations have been established to help create new programs. However, without centralized organizations and resources to analyze and disseminate what is known, the sharing of knowledge is difficult.

There is consensus on the general principles of effective supply-building: 1) Campaigns must be responsive to the particular needs of specific communities and groups of individuals, and 2) Cooperative coalitions of interested local organizations are vital to success. These principles reflect the character of family day care itself. They also underscore the importance of tailoring supply building campaigns to local needs and resources.

Most of the supply-building efforts conform to the five-step process used by the California Child Care Initiative:

- Assess child care supply and demand, and target specific areas in need of care;
- Recruit individuals with the potential to become licensed family day care providers;
- Train individuals to deliver quality care and effectively manage a small business;
- Provide technical assistance to help them get licensed and operational;
- Provide ongoing support to help them stay in operation.

Various program coordinators for family day care recruitment efforts were interviewed for this paper. They offered a wealth of suggestions for implementation, but continually underscored the fact that different environments and populations will yield different outcomes.

Assessment. Recruiters typically use the records of regulatory agencies to assess and identify providers. If such records have not been tracked, needs can be calculated with Census Bureau Information. The regulatory agencies should be encouraged to collect data.

The California Child Care Initiative identified target areas with high recruitment potential as having:

a) A mix of income groups that could provide a pool of both potential recruits and parent consumers with the ability to pay market rates for child care;

b) An expressed need for child care services, particularly family day care, combined with a shortage of licensed facilities;

c) Proximity to areas with a large and/or growing local or commuter workforce in need of child care services.

Recruitment. It is absolutely essential to know the target population -- who they are, what they need -- to know how to talk to them.

Recruitment is a continuous, ongoing effort. Program coordinators exhort the use of every avenue possible to reach possible providers. Posters, flyers and brochures should be posted in different locales depending on the target market. For instance, in a middle-class neighborhood, private pediatricians' offices, childbirth education classes, and libraries would be covered. In a lower-class neighborhood, pizza parlors, supermarkets, and elementary school community coordinators work well. Tom Copeland of Resources for Child Caring in St. Paul, Minnesota advises addressing the recruitment message to the community at-large rather than to individual providers (e.g., "We need child care;" "It is an important job in a career that offers some benefits;" "Do you know anyone interested in such a job?").

Licensing orientation sessions can attract potential providers already interested in the job. Many programs find that short orientations covering the satisfactions and difficulties of family day care are useful. When the issues are covered realistically, potential providers are able to decide whether or not family day care is a career they wish to pursue. In business, this is known as a "job preview," and is considered instrumental in reducing turnover.

Earnings from family day care are modest. However, the economics can be attractive to two major groups of potential recruits: mothers who want to be at home with their young children, and people who simply like working with children. They need to be shown how family day care allows them to contribute to household income while not spending money on transportation, meals and child care.

Ultimately, word-of-mouth is probably the most useful means of recruitment, but it also takes the longest to show results. Using established providers to attract others can be effective once they overcome resistance to competition. Financial incentives also work.

Media coverage is apparently useful, but its effect seems to be cumulative and is difficult to assess. A program sponsored by the William Penn Fund in Philadelphia reports that media stories took at least a year to produce effective recruitment results. Tutti Sherlock in Rochester, Minnesota (the state with the highest per capita supply of family day care providers in the country) advocates concentrating media efforts within a short time span. Her ideas include: Use Family Day Care Recognition Week, (a statewide effort), like National Secretary Week. Use others to pay for the recruitment effort, e.g., a radio station holds a drawing for a prize to be given to a family day care provider, such as a free dinner at a restaurant; or a florist advertises giving flowers to family day care providers.

Training. Most training for new providers includes:

- Infant cardiopulmonary resuscitation
- First aid
- Health and nutrition
- How to communicate with parents
- Business record-keeping and taxes
- Child development
- Age-appropriate activities

For existing providers, other popular topics include:

- Planning activities for multi-age groups
- Using contracts with parents
- Dealing with provider stress and burnout
- Keeping up with current literature on child development

In general, program coordinators suggest taking training to the providers as much as possible, e.g., schedule training sessions at different hours, day and night, so providers can attend when they're not working; offer child care to providers during training, pay for mileage when sessions are far from home; offer in-home training if necessary (expensive, but also an opportunity to inspect the sites and offer child-proofing and licensure suggestions).

The California Child Care Initiative has collaborated successfully with community colleges to offer accredited training, and in its second year has increased the variety, availability and type of training in order to accommodate more personalized one-on-one training and a broader range of topics such as cooking with children, speech and language development, stress in the family.

Technical Assistance. Many R & R agencies report that "hand-holding," or offering one-on-one assistance during the early stages of recruiting, is their most important function in the process of increasing supply. Providers often need help understanding requirements and completing applications related to state licensing policies and local building codes and zoning ordinances. They may also require assistance passing home inspection, arranging spaces that are attractive and large enough, and in general, coping with the process of becoming a business (even if they choose not to look at their venture in that light).

Licensure generally involves fingerprinting and completing detailed forms that are sometimes forty pages long. Here again, one-on-one assistance is invaluable. Recruits need to have the bureaucratic requirements "translated" and to be reminded of the benefits of regulation, such as protection and the ability to earn more. When the process is long and cumbersome, regulatory requirements can discourage the flow of new providers.

Local business codes are often onerous but necessary for minimum standards of protection for all parties. However, since formalized family day care is a new issue, some policies inappropriately affect providers and need revision. (In Fresno, obtaining a conditional use permit to care for large groups of children requires an environmental impact report, sewer report, and a fee of $1,000.) To increase the supply of providers, R & R agencies must act as advocates, bringing these inappropriate requirements to the attention of regulatory agencies as well as building and zoning officials in order to establish more reasonable procedures.

Ongoing Support. Just getting started in family day care can be intimidating. Providers need sufficient equipment (cribs, potties, toys, fire extinguishers, etc.), which can be expensive, particularly when there are not yet any children to care for. These needs can be met by a variety of means including toy-lending libraries, equipment loan programs, mini-grants to buy equipment, and free start-up kits (first aid and materials for child development activities). The program can buy in bulk, particularly if part of a network or system, or receive donations from local businesses (either supplies or money).

The major reason for leaving family day care in the first year is failure to attract enough children quickly. Several programs note that July and August are good months to start up, since parents are accustomed to thinking in terms of the school year. In Fresno, a traditionally agricultural area, no one seeks child care from the week before Thanksgiving to after Christmas.

Resource and referral agencies often continue contact through conferences and newsletters (with a fresh flow of ideas to the provider, i.e, recipes, songs, finger plays, projects for art, science and other learning).

Special Concerns. Family day care providers are particularly vulnerable to the stresses of isolation combined with responsibility. Ways of overcoming such stress include provider associations (informal groups whereby providers talk about common issues, join together at the playground or on special outings), or provider networks (more formal groups that offer group rates for liability insurance or equipment, or provide substitutes when a provider is unavailable).

A major barrier for unlicensed providers to enter the formal system is financial. Providers are wary of income taxes, as well as strangers intruding in their homes. They need information, such as how to reduce their taxes by keeping records and taking proper deductions. They also need information on the benefits of regulation such as the Food Program and access to toy-lending libraries and equipment loans.

Minorities. Several referral agencies reported significant concerns about urban Hispanic providers, who need more resources and time to meet regulated standards. Language problems make it difficult for them to complete licensing documents and also to communicate with English-speaking parents and children. There are difficulties with education (the courses on basic child development and age-appropriate activities are often too advanced) and culture (many do not understand the need for their homes to meet inspection codes).

In addition, some resist the idea of family day care being a business. They pride themselves in being good mothers and reject efforts to keep records and gain tax advantages or other organizational benefits.

This population is of particular concern because the Census Bureau projects that by 2009, Hispanics will be the nation's largest minority, and if current socioeconomic trends continue, they will be the poorest minority in 1992.

CONCLUSIONS AND POLICY RECOMMENDATIONS

An increase of family day care homes would be desirable for the growing numbers of parents frustrated by the declining availability of relative care, the cost of in-home sitters or nannies, and the dearth and expense of child care centers. They may prefer such arrangements because of the age of their child, preferences for environments, proximity to home and their general flexibility in accommodating change, lateness, and odd-hours.

While analysts debate the shortage of child care, the efforts of several major corporations would suggest that the supply is lacking in specific communities for certain age categories of children at different hours and prices. Literally millions of dollars have been poured into communities around the country to stimulate the supply of child care. The R & R's who often play the coordinating role, are meeting with considerable success in this effort.

Companies are beginning to recognize how quickly and cheaply family day homes can be started. Although day care centers serve more children and tend to last longer, these homes can be established at a significantly lower cost. Employers involved in resource and referral services find that family day care recruitment can increase the success and value of the referral effort and ultimately satisfy a larger number of employees, particularly those with unique child care needs.

Policy recommendations are as follows:

Recommendations

1. Increase the number of sponsored or coordinated family day care homes. This might involve increased financial support to R & R agencies to conduct targeted recruiting of homes for referral purposes and for the R & R to serve as an ongoing source of support and association. The relationship can remain informal or move to a more formalized network, depending on the needs and desires of providers in that community. Most critical, however, is the ongoing support provided to new family day care homes. R & R agencies may feel that this creates a conflict of interest, since their primary responsibility is to parents. Once a group of family day care homes becomes more formally associated, another agency can maintain the network. Financial support should also be provided for any agency with responsibility for creating and maintaining family day care associations.

2. The IRS should allow family day care providers certain allowances in the reporting of their income. Senator Hatch has proposed to exempt the Social Security portion of their checks. Not only is the amount of money saved very low, but

the provider does not pay into the Social Security system during the period of providing care.

3. Streamline reporting requirements so as not to create onerous burdens on providers or discourage their participation in certain federal programs, such as the Child Care Food Program.

4. Do not require parents to submit provider social security numbers in order to receive tax advantages. Recent changes in the IRS code require parents to submit the Social Security number of their provider in order to obtain the Federal Dependent Care Tax credit or pre-tax dollars in their employer's Dependent Care Assistance Plan (DCAP) that is part of a flexible benefits plan. This provision puts an unnecessary policing responsibility on parents, and may drive providers to go underground. The ruling should be changed to give some other entity the responsibility for identifying providers and bringing them into the regulatory system.

5. Develop a federal matching program that would replicate portions of the Child Care Initiative Project nationally. This might be called the Recruitment and Access Partnership (RAP) whose purpose is to link supply building with the R & R community. The government would offer matching grants to corporations willing to invest in the expansion of child care services. This would require an RFP process that

companies, in conjunction with R & R's, would pursue for their communities.

While larger companies have been in the forefront of providing child care support, a growing number of smaller and mid-size firms have become involved. Furthermore, shortages of workers for entry level positions are growing. Employers of low-wage workers increasingly rely on child care support to attract labor in short supply. While financial assistance may be necessary for some parents to take advantage of services created by the RAP program, there are many who would be willing and able to pay for better quality care for their children.

Using figures from the Mathematica Policy Research study, a one-third increase in family day care would be required to accommodate preferences and new babies. Based on other projections, that would mean an increase of about 30,000 family day care homes. At $500 per home, the cost of creating this many new, licensed homes would be $15 million. If 50 percent of it were provided by corporations, the price tag to the government would be less than $8 million. Additional amounts might need to be raised to cover administrative costs and support to the referral agencies responsible for this build-up.

6. No federal policy should address supply without addressing affordability, and no affordability initiative should begin without attention to supply. It is clear from economic analyses as well as practical experience that there are some parents who cannot afford the care they want for their children. There are other parents who may not find the care they want no matter how much they are willing to spend. There are many steps to assuring an adequate child care market. As is very clear in the example of family day care, there are administrative costs for recruitment, costs for getting homes into compliance, and other costs for maintaining homes to reduce turnover. These are not costs that parents assume, in part, because they are associated with start-up and infrastructure costs.

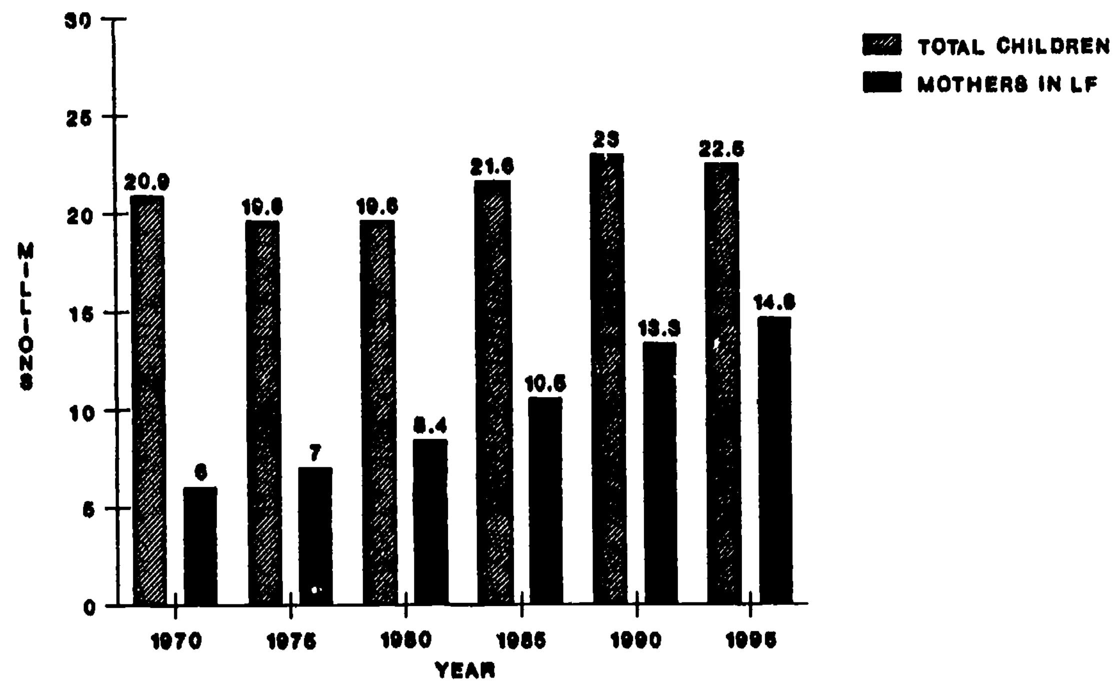
Any discussion of tax credits or family allowances for parents should be part of a larger effort to improve the match between supply and demand and the overall efficiency of the child care market.

TABLE 1 : Difficulty Finding Child Care

(Percent of Parents Reporting Difficulty Finding Child Care)

	% of Parents Reporting Difficulty
Sister of Providence Hospitals	64%
3 New Jersey Firms	54%
Large NE Pharmaceutical Firm	50%
33-Company Survey, Oregon	46%
Large, Midwest Insurance Company	36%
Large, East Coast Computer Company	30%

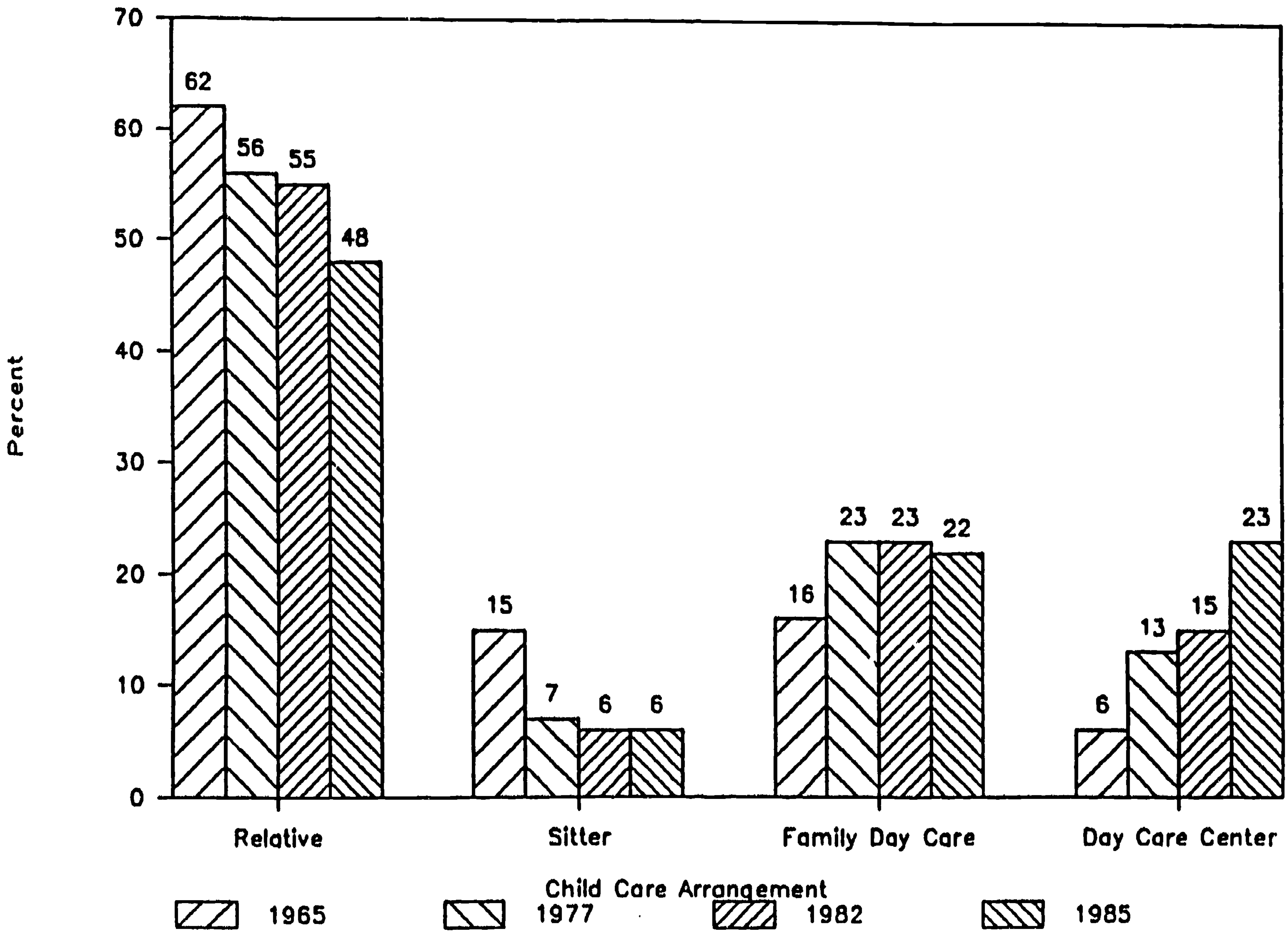
TABLE 2
PRESCHOOL CHILDREN WITH MOTHERS
IN THE LABOR FORCE (LF), 1970-1995



SOURCE: HOFFERTH, S. "THE CURRENT CHILD CARE DEBATE IN CONTEXT", BETHESDA, MD: NICHD, MAY, 1988

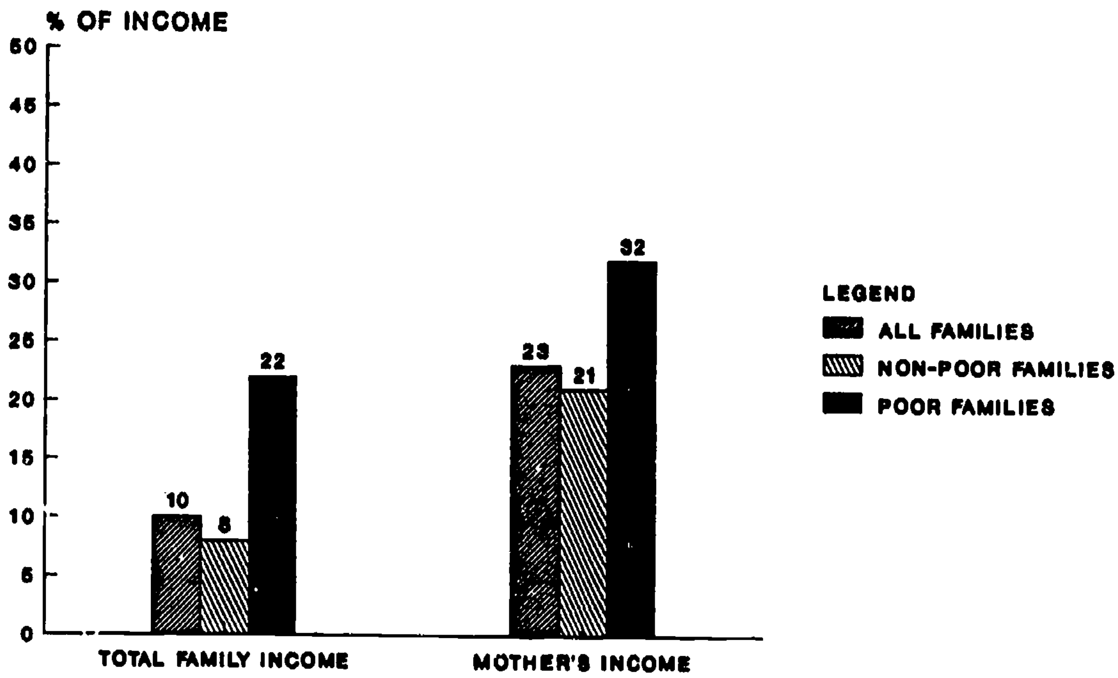
1512

Care of Preschool Children, 1965–1985



SOURCE: Hofferth, Sandra L., "What is the Demand for and Supply of Child Care in the U.S.?, (Testimony before the House Committee on Education and Labor) February 9, 1989, The Urban Institute: Washington, D.C.

TABLE 4
AVERAGE WEEKLY EXPENDITURES ON CHILD CARE AS A PERCENT OF INCOME



SOURCE: HOFFERTH, S. 'THE CURRENT CHILD CARE DEBATE IN CONTEXT', BETHESDA, MD: NICHD, MAY, 1988

TABLES 5, 6: California Child Care Initiative Project (CCCIP)

Table 5. Comparison of CCCIP and non CCCIP providers' participation in support services.

	CCCIP	Non-CCCIP
Family Day Care Association	31%**	2%
Child Care Food Program	45%*	22%
Resource Library (books)	36%**	4%
Toy Loan	33%**	6%
Additional Training	25%**	0%

* p .001

** p .0001

Table 6. Status of CCCIP and Non-CCCIP providers at end of 14-month study period

	CCCIP (N=67)	Non-CCCIP N=101)
Active (providing child care)	87%	73%

* $p<.05$

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