

AUTHOR Adams, Gina; Sandfort, Jodi R.
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ABSTRACT

This study examined state expenditures during fiscal year 1990 for programs that helped low-income families purchase child care, provided preschool education services to children, or provided child care assistance to special groups of families such as families with teen parents, migrant or refugee families, and families whose children are at risk of abuse or neglect. A survey was sent to the state agency in each of the 50 states that administered funds for these programs. The survey included questions on expenditures, eligibility categories, reimbursement rates, and quality of care. Findings indicated that state expenditures on child care and early childhood development ranged from \$0.24 per child to more than \$70.00 per child. It was concluded that: (1) states invest too little money in child care and early childhood education; (2) despite new federal resources for child care appropriated in Fiscal Year 1990, resources are not sufficient to meet the need for child care; and (3) the level of state and federal investments is inadequate, thus preventing parents from working and causing children's further economic disadvantage. Attachments include lists of expenditures in fiscal year 1990 on child care and early childhood services by states and by state programs, and descriptions of the study methodology and the child care research project. (MM)

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State Investments in Child Care and Early Childhood Education

by
Gina Adams
Jodi R. Sandfort

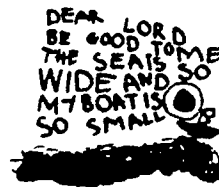
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This report is one in a series of studies by the Children's Defense Fund examining state policies and practices in child care and early childhood education. It focuses on state expenditures on programs that help low-income families purchase child care, provide preschool education services to children, or provide child care assistance to special groups of families (such as teen parents, migrant or refugee families, or families whose children are at risk of abuse or neglect). Only those programs where the state had discretion over the funding and policies were included -- consequently these data truly reflect the level of state commitment to meeting the needs of families and children for child care assistance. [See Attachments C and D for further information about the survey, its methodology, and upcoming reports.]

CDF's work in this area is supported in part by the David and Lucile Packard Foundation's Center for the Future of Children.

Many individuals have played key roles in the gathering and analysis of the data included in this report, as well as in its production. First and foremost, our sincere thanks go to the many state administrators and state agency staff who provided the information examined here. We also appreciate the various CDF staff who have helped at different stages, including Helen Blank, Olivia Golden, Donna Jablonski, Clifford Johnson, Janis Johnston, Sherrie Lookner, Ruth Massie, and Janet Simons.

Children's Defense Fund
122 C Street, NW
Washington, D.C. 20001
(202) 628-8787

EXECUTIVE SUMMARY

A 50-state CDF survey of all state expenditures for child care and early childhood development services reveals striking disparities between states, as well as a pattern of inadequate investment in every state. State expenditures on child care and early childhood development during Fiscal Year 1990 ranged from \$0.24 per child in Idaho to more than \$70.00 per child in Alaska, Connecticut, Massachusetts, New York, and Vermont (see Attachment A). Even in states that ranked in the top 10 in state expenditures, however, inadequate funding meant that many children and families were left unserved.

KEY FINDINGS:

States invest far too little in child care and early childhood education.

- o Half of all states spent less than \$25 per child on the care and education of young children, and one-third spent less than \$17 per child.
- o Even states that ranked in the top 10 in their per child expenditures failed to serve many children and families. For example, even though California ranked sixth in per child expenditures in FY 1990, the state estimated that only 10 to 20 percent of the eligible children were served.
- o In 1990, 11 states spent at least 24 times more on corrections and prisons than they spent on the care and development of young children. Nevada and Idaho spent more than 100 times more on corrections than on services for early childhood development, and Virginia spent almost 75 times more.
- o In 1990, 11 states spent more than 100 times more on higher education than on programs to help children get a strong foundation for learning before they enter school.

Levels of state investment in child care and early childhood education vary enormously, even within those regions -- the South, West, and Midwest -- that have the lowest per child investments overall.

- o The top five ranking states each spend at least 300 times more per child than the last-ranking state (Idaho).
- o Eight southern states (Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Tennessee, and Virginia) ranked in the bottom third of all states spending less than \$17 per child on children's early care and development. Yet some southern states spent much more. Florida, for example, ranked ninth in the nation and spent three times more per child than neighboring Georgia and more than four times more per child than Alabama on its children's early care and development.
- o There is a remarkable range even within states that rank in the bottom half. West Virginia, for example, spends less than \$20 per child and is one of the poorest states in the country, yet spends three times more per child than neighboring Virginia.
- o The states with the lowest levels of commitment to young children are in the northern Midwest and West, where five states (Idaho, Montana, North Dakota, Nevada, and South Dakota) spent less than \$5 per child in FY 1990. Yet nearby Nebraska, Colorado, and Utah spent four to five times as much per child.

New federal resources for child care appropriated after FY 1990 represent a move in the right direction but are nowhere near sufficient to meet the need.

- o Despite the new federal child care resources appropriated in 1990, many low-income families and children are still unable to obtain essential child care and early childhood development services. Vermont, for example, which ranked third in state expenditures in 1990, estimates that it will only be able to serve about 35 percent of eligible families, even with the new federal funds.

- o Minnesota, which ranked in the top 20 states in per child expenditures in 1990, currently has 1,900 eligible families on waiting lists for child care assistance in the Minneapolis-St. Paul metropolitan area alone -- despite the new federal funds.

Inadequate state and federal investments in child care and early childhood education prevent parents from working and leave children further behind.

- o A recent study by the Bureau of Labor Statistics found that about one out of every four young mothers (ages 21 to 29) who were not in the labor force -- a total of 1.1 million women -- did not work because of child care problems.
- o In four states (Idaho, South Dakota, North Dakota, and Montana), there was no state-funded child care assistance program to help low-income parents who are trying to work but cannot afford child care in 1990. The only way for parents in these states to get assistance for child care was to go on welfare first.
- o Inadequate and underfunded child care places children -- and our nation's future -- at risk. A study by the National Research Council concluded that "Poor quality care... threatens children's development, especially children from poor and minority families."

RECOMMENDATIONS

Ensuring that every child is ready to enter school by the year 2000 is a goal widely shared by the Bush Administration, Congress, state policy makers, and the business community. However, the broad support for this goal means absolutely nothing for children, especially our poorest youngsters, without the dollars necessary to turn the massive amount of rhetoric around school readiness into real opportunities for low-income children. Without an immediate and major new investment in child care and

early childhood development, millions of children will enter the schoolhouse door without the essential help they need to take advantage of their elementary school education. More importantly, they will be denied the support that they need to become self-sufficient and contributing adults. We must:

1) Fully fund Head Start

- o Congress and the Administration must act immediately to guarantee every eligible child a Head Start by 1995. The Administration has only proposed a \$600 million increase in Head Start. Moreover, they propose to serve more children by eliminating almost \$100 million used by programs to train Head Start teachers, improve their wages, and hire additional staff to provide special help to parents and children.

Congress must immediately pass S. 911, the School Readiness Act. This bill would increase Head Start funding by \$1 billion a year -- achieving full funding by 1997. In order not to deny thousands of today's three- and four-year-olds a Head Start, CDF urges Congress to speed up the timetable in S. 911 and increase Head Start by \$2.1 billion this year in order to serve all children by 1995.

2) Expand state funding for child care and early childhood development

- o States are now in the midst of their legislative sessions. Now is the time to increase significantly state investments in child care and early childhood development programs to ensure that children have access to the high quality services that they need to be ready to enter school.

States should not be cutting a single child care dollar. Congress and the Administration made it clear when passing the new federal child care legislation that federal dollars were not to replace existing state investments in child care.

3) Fully fund the Child Care and Development Block Grant

- o Congress must fulfill its promise by providing \$100 million additional dollars this year for the recently passed Child Care and Development Block Grant and dramatically expanding the funds for child care in future years. Low-income parents cannot work and be self-

sufficient unless they have more help paying for child care. Without additional federal funds, states will be hampered in their efforts to improve the quality of child care to ensure that children receive a strong preschool experience.

4) Ensure that pending regulations for the two new federal child care programs do not impede states' efforts to guarantee children are in safe and decent quality child care

- o Pending federal regulations for the Child Care and Development Block Grant and the At-Risk Child Care program would tie states' hands and limit their ability to improve the quality of child care used by the poorest families. The regulations must be changed. Currently they prohibit states from setting even the most basic health and safety protections for a large number of children. Children will not be ready to enter school if states are prohibited by the federal government from taking steps to ensure that they are in decent child care settings.

5) Fully fund the Licensing and Monitoring Grants Program, which helps states improve the quality of child care

- o Congress must provide \$50 million to fund the Grants for Licensing and Monitoring program. This program is linked closely to the school readiness goal as it offers states funds to improve the quality of child care in a number of ways, such as by hiring more inspectors for child care facilities and training child care workers so that they are better prepared to work with young children.

6) Ensure a Fair and Healthy Start for every child

- o Good child care is essential if children are to have a strong foundation for later learning. However, to thrive and learn, children also need a number of other basic supports, including decent health care and strong families with adequate incomes.

Basic health care for every child and mother -- including prenatal and maternity care, checkups, immunizations, and care for sick and disabled children -- cannot wait. The president and Congress must act in 1992 to guarantee a Healthy Start for every child.

We should join with other industrialized nations in ensuring every American family a minimum level of economic security by enacting a refundable tax credit this year that will leave no family behind.

STATE INVESTMENTS IN CHILD CARE AND EARLY CHILDHOOD EDUCATION

INTRODUCTION

High quality child care and early childhood development services are essential for children and families. They help ensure that children are safe while their parents work, enabling parents to support their families without having to sacrifice their children's development. All good quality programs -- whether they are called child care, early childhood development, or early childhood education programs -- also provide the nurturing and stimulation children need to develop fully, to enter school ready to learn, and to grow into trusting and responsible adults. Comprehensive, good quality early childhood programs are particularly important for low-income children, to help them overcome the disadvantages of poverty and to give them a strong start in school.

Investments in the care and development of young children yield concrete results. For example, studies show that every dollar invested in high quality preschool education services saves \$4.75 that otherwise would be spent on future costs of special education, crime, and welfare. These findings, among others, prompted President Bush and the nation's governors in 1990 to agree in their National Education Goals that by the year 2000, "all disadvantaged and disabled children will have access to high quality and developmentally appropriate preschool programs that help prepare children for school."

Despite the nation's rhetorical commitment to early childhood development and school readiness, a CDF 50-state survey reveals that current state investments in this area are woefully inadequate. Unless investments are increased significantly, the country will not be able to turn the rhetoric of school readiness into real gains for children. This survey examined all state expenditures on child care and early childhood development, and found striking disparities between states and a pattern of inadequate investment in virtually every state.

FINDINGS

Too many states invest far too little in child care and early childhood development services.

In FY 1990, half of all states spent less than \$25 per child on the care and education of young children, and one-third spent less than \$17 per child (Attachment A).^{1/} In nine of these states (**Idaho, Indiana, Louisiana, Mississippi, Montana, Nevada, North Dakota, South Dakota, and Virginia**), state expenditures on child care and early childhood development totaled less than \$10 per child.

A number of states invested considerably more to promote the safety and development of their children. Yet even among the highest ranking third of all states, only five (**Alaska, Connecticut, Massachusetts, New York, and Vermont**) spent more

than \$70 per child. The next six highest states (California, Florida, Illinois, New Jersey, Rhode Island, and Washington) only spent between \$45 and \$55 per child.

The low priority states are giving their children is illustrated vividly by comparing state investments child care and early childhood development with their expenditures in other major areas of state responsibility. In 1990, for example, 11 states spent at least 24 times more on corrections and prisons than they did on the care and development of young children. Georgia, Kentucky, Louisiana, Indiana, North Dakota, South Dakota, and Tennessee all spent 24 to 30 times more on corrections than on child care. Not surprisingly, the contrasts were even more shocking in states with the lowest per child expenditures for child care and preschool programs. Montana spent 52 times more on corrections than on early childhood development services, Virginia 74 times, Nevada 106 times, and Idaho 779 times more.^{2/}

Similarly skewed priorities can be found when comparing state expenditures on child care and early childhood development services with their expenditures on higher education. In 1990, 11 states (Alabama, Idaho, Indiana, Kentucky, Louisiana, Montana, Nevada, North Dakota, South Dakota, Virginia, and Wyoming) spent more than 100 times more on higher education than on the care and education of children before they enter school.^{3/}

While determining the precise amount of investment needed in every state is impossible, it is clear that it is not only the

states with the lowest expenditures that fell short of meeting the need for services. Even states with the highest levels of investment (relative to other states) failed to provide enough high quality child care and early childhood development services to meet the needs of their children and families:

- o While **Massachusetts** ranked first in FY 1990 in per child expenditures for child care and early childhood development, it had long waiting lists of eligible families not able to obtain services because of inadequate state funding. Since 1990 the state has cut its expenditures significantly due to fiscal problems. As a result, growing numbers of eligible families and children have been turned away.
- o Although **Connecticut** ranked fourth in per child expenditures in FY 1990, virtually all of its counties served less than half of those eligible. Half of the counties served fewer than one out of every three eligible families.
- o **New York**, which ranked fifth in FY 1990, is estimated to have served only about 14 percent of the low-income families that were eligible for assistance that year.
- o Even though **California** ranked sixth in per child expenditures in FY 1990, the state estimated that only 10 to 20 percent of the eligible children were served.
- o **Illinois** ranked eleventh in per child expenditures on child care assistance and early childhood development. Yet a recent study by the Institute of Applied Research found that child care problems still prevented two of every five single mothers on welfare in the state from working or going to school.^{4/}

A few states significantly increased their investments in child care and early childhood development last year, progress that is not reflected in these FY 1990 data on state expenditures. Most, however, have not made major new commitments in this area since these data were collected because of the

severe budgetary situations they are facing. In fact, the current fiscal crises in the states threaten their investments in child care and early childhood development services, as well as in other key human service areas. For example, while Texas ranked thirteenth in per capita expenditures for child care and early childhood development in 1990, legislators came very close to eliminating the state-funded preschool program in the last legislative session. Without this preschool program, Texas would have probably fallen to the lowest third in state per child expenditures.

Levels of state investment in child care and early childhood education services vary enormously, even within those regions -- the South, West, and Midwest -- with the lowest per child investments overall.

Nationally, state expenditures on child care and early childhood development services ranged widely -- from \$0.24 per child in Idaho to \$152.04 in Massachusetts. Even the middle-ranking states, Nebraska and New Hampshire, spent 100 times as much as Idaho, the lowest ranking state.

This variation is also clear within each region of the country. While the South, Midwest, and West lag significantly behind the Northeast in their overall investments in child care and early development, there are states in each of these regions that rank in the top third in per child expenditures on these services.

For example, many southern states had very low levels of investment in child care and early childhood development in 1990. Half of the states in the bottom third (eight out of 16) were in the South -- **Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Tennessee, and Virginia**. The majority of these states spent less than \$12.50 per child.

Yet some southern states were willing to invest more substantial amounts in the development of their children in 1990, and others are working to increase their investment. **Florida**, for example, ranked ninth in the nation in per child expenditures, and spent four to five times as much per child as several of its southern neighbors. Other southern states, in particular **Texas, Oklahoma, and South Carolina**, were ranked in the top 20 states. Even **West Virginia**, which has only made modest investments and is one of the poorest states in the country, spent more than three times as much per child as neighboring **Virginia**. Two southern states also made significant new investments in early childhood since 1990. **Arkansas and Kentucky**, both of which were in the lowest third of all states in 1990, recently enacted new state preschool education programs that will increase their expenditures significantly above 1990 levels.

Similar variations among neighboring states are found in the West and Midwest. The five states with the lowest levels of commitment to the care and development of young children in 1990 are located close together in the Midwest and West. These states -- **Idaho, Montana, North Dakota, Nevada, and South Dakota** -- each

spent less than \$5 per child on these essential services. Yet the nearby states of **Nebraska**, **Colorado**, and **Utah** each spent four to five times as much per child to help their children get a strong start in life. Even neighboring **Wyoming**, which ranks in the bottom third of all states and spends only about \$13 per child, spends at least three times as much per child as the five lowest states.

Other states in the Midwest that fell in the bottom third (less than \$17 per child) include **Indiana**, which spent only about \$9 per child, and **Missouri**, which spent only \$16 per child. In contrast, **Illinois**, which borders on both these states, was ranked eleventh of all states and spent \$46 per child.

Some of the disparities among state per child expenditures may reflect differences across states or regions, including variations in the cost of child care and preschool services, in the proportion of mothers in the labor force, and in the proportion of families with children that need help in paying for child care and early childhood development services. For example, lower child care costs in some states might justify slightly lower levels of investment in child care and early childhood development. Yet the huge magnitude of the disparities between states defies any explanation based on these variations. Instead, the gaps simply reflect clear policy choices by the states -- choices that ignore the pressing needs of millions of families and jeopardize the health, development, and well-being of their children.

New federal resources for child care appropriated after FY 1990 represent a move in the right direction, but are nowhere near sufficient to meet the need.

New federal child care funding became available to states in September 1991 as a result of major child care legislation enacted by Congress in 1990. The Child Care and Development Block Grant provided \$732 million last year (FY 1991) in grants to states to improve both the affordability and quality of child care. A second program of child care grants to states under Title IVA of the Social Security Act (known as the At-Risk Child Care program) offers \$300 million nationally to states to subsidize child care for families who are "at-risk" of going on welfare, but only if a state provides matching funds.^{5/} In addition, Congress appropriated modest increases in the federal Head Start program in FY 1991 and FY 1992.

While these new federal investments are an important first step, they will only begin to address the enormous inadequacies in state and federal funding for child care and early childhood development services. For example:

- o **Vermont**, which ranked third in state expenditures in 1990, estimates that it will only be able to serve about 35 percent of eligible families even with the new federal funds. Also, because of inadequate resources, reimbursement rates paid to child care providers will equal less than three-quarters of the cost of care, which means that parents receiving assistance will not be able to afford good quality care.
- o **Minnesota**, which ranked in the top 20 of all states in per child expenditures in 1990, currently has 1,000 families on waiting lists for child care assistance in the Minneapolis-St. Paul metropolitan area -- despite the new federal funds.

- o The new federal funds have not allowed Wisconsin, which ranked fifteenth in 1990, to serve all the eligible families. For example, in Dane County, where Madison is located, there were 372 children on waiting lists for child care assistance in early 1992 (compared with the 660 being served). Because of these long waiting lists, the county made virtually no effort to advertise the availability of the new federal funds, as they were used up immediately.

Given the wide disparities in state expenditure levels, new federal funds are likely to produce only modest reductions in the gaps between states, and are unlikely to result in any major shifts in the relative ranking of states.

Inadequate state investment in child care and early childhood development prevents parents from working and leaves children further behind.

The consequences of inadequate state investments in child care and early childhood development for low-income children and families are deeply troubling. In particular, they reduce the likelihood that children and families will receive the essential support they need to thrive and be self-sufficient. For example, lack of child care assistance means that low-income parents find it much more difficult to work and support their children. A recent study by the Bureau of Labor Statistics found that one out of every four young mothers (ages 21 to 29) who were not in the labor force -- a total of 1.1 million women -- did not work because of child care problems. This proportion is even higher for poor young mothers, one-third of whom were not working because of difficulties with child care.^{6/}

Despite the clear link between child care and self-sufficiency, four states -- Idaho, South Dakota, North Dakota, and Montana -- had no general state-funded child care assistance program in 1990 to help low-income parents who were trying to work but could not afford child care.^{7/} Consequently, the only poor families who were even eligible for child care assistance in these states were those whose children were at risk of abuse or neglect, or who were on welfare and therefore eligible for help under the federally mandated child care program for welfare recipients. (The only exception is North Dakota, which provided a small amount of child care assistance to a limited number of teen parents.)

Equally alarming are the effects that inadequate investments have on children's lives and future development. Many low- and moderate-income parents are unable to afford good quality care without some kind of assistance. For example, the Census Bureau found that low-income parents who pay for care spend an average of about one-quarter of their income on child care.^{8/} Yet even this remarkable effort does not provide enough money to purchase decent quality -- 25 percent of the annual earnings of a single mother working full time at the minimum wage is roughly \$2,200, while good quality child care can easily cost \$4,000 a year or more.^{9/} The recent finding of the National Research Council (NRC) that the quality of care that many children receive is inadequate is hardly surprising. "Of greatest concern," the NRC concluded, "is the large number of children who are presently

cared for in settings that do not protect their health and safety. Poor quality care... threatens children's development, especially children from poor and minority families."10/

Poor quality care has a clear impact on children's lives and their development. For example, the National Child Care Staffing Study (NCCSS) found that children attending poorer quality child care programs are less competent in language and social development. The NCCSS also found that children in poor quality programs were much more likely to spend large portions of their time in aimless wandering, and were less likely to have a secure relationship with their teachers.11/ When these problems are combined with the increasing stresses on families and neighborhoods due to poverty, crime, and other problems, it is not surprising that a 1991 survey of 7,000 kindergarten teachers found that more than one of every three children in kindergarten (35 percent) were not ready for school. Even more alarming is that 42 percent of the respondents felt as though the situation was worse than it had been five years ago.12/

RECOMMENDATIONS

Ensuring that every child is ready to enter school by the year 2000 is a goal widely shared by the Administration, Congress, state policy makers, and the business community. However, the broad support for this goal means absolutely nothing for children, especially our poorest youngsters, without the dollars necessary to turn the massive amount of rhetoric around school readiness into real opportunities for low-income children. The inequities and inadequacies in state funding levels for child care and early childhood development services as documented in this report show that unless an immediate and major new investment in child care and early childhood development is made, millions of children will enter the schoolhouse door without the essential help they need to take advantage of their elementary school education. More importantly, they will be denied the support that they need to become self-sufficient and contributing adults.

A critical first step at the federal level is to guarantee that by 1995 every eligible low-income child can participate in Head Start. The Administration has only proposed a \$600 million increase in Head Start. Moreover, the Administration's proposal would serve more children by eliminating almost \$100 million used by programs to train Head Start teachers, improve their wages, and hire additional staff to provide special help to parents and children. Congress should not accept these broken promises and

should instead create a guaranteed funding stream for Head Start.

This expanded investment also should:

- o Offer local programs additional resources to meet the increasingly complex needs of low-income children and families.
- o Ensure that Head Start funds are available for a full-day, full-year program. As Head Start parents strive to move off dependence on welfare, it is critical that Head Start not be limited to a part-day, part-year schedule that discourages parents from seeking employment and becoming self-sufficient.
- o Provide additional resources to serve infants and toddlers. The dearth of good quality programs for our youngest children makes it especially important to provide more flexibility to Head Start programs so that they can reach children as early as possible with the comprehensive services that are the hallmark of Head Start.

The most effective way to achieve these goals is to pass S. 911, the School Readiness Act, immediately. This bill would increase Head Start funding by \$1 billion a year -- achieving full funding by 1997 -- and also would strengthen the program. However, in order not to deny thousands of three- and four-year-olds a Head Start, CDF urges Congress to speed up the timetable in S. 911 and increase Head Start by \$2.1 billion this year in order to serve all children by 1995.

Yet even if Congress and the Administration fully fund Head Start immediately, many children and families will remain in need of good quality child care and early childhood development services. Low-income working families, earning just above the federal poverty line, are currently ineligible for Head Start, yet unable to afford the good care their children need. In too many communities, extreme shortages of good quality care for

infants, toddlers, and school-age children force parents to juggle care by siblings, relatives, neighbors, and -- in the case of school-age children -- "latch-key" arrangements that leave children home alone and vulnerable.

To meet these needs and more, the Administration and Congress also must fulfill their 1990 promises to families and children by appropriating an additional \$100 million for the Child Care and Development Block Grant (CCDBG) this year, bringing it up to the promised authorization level of \$925 million, and by dramatically increasing federal investments in the Block Grant in succeeding years.

Despite its rhetoric on the importance of good quality child care and early childhood development, the Administration has proposed to limit states' abilities to improve the quality of child care used by the poorest families. Pending federal regulations for the two new child care programs, the Child Care and Development Block Grant and the At-Risk Child Care program, would tie states' hands by prohibiting them from setting even the most basic health and safety protections for a large number of children receiving child care assistance. These regulations must be changed. Children will not be ready to enter school if states are prohibited by the federal government from taking steps to ensure that they are in decent and safe child care settings.

In addition to these essential activities, the Administration and Congress must provide the full \$50 million to fund the Grants for Licensing and Monitoring program. This

program is linked closely to the school readiness goal. It offers states funds to improve the quality of child care in a number of ways, such as by hiring more inspectors for child care facilities and training child care workers so that they are better prepared to work with young children.

The federal government cannot succeed alone. Stronger state leadership and expanded state investments are needed to ensure that children in every state have access to the care and developmental services they need to grow well and strong. States are now in the midst of their legislative sessions. Now is the time to increase substantially state investments in child care and early childhood development programs to ensure that children have access to the high quality services that they need to be ready to enter school. States should not be cutting a single child care dollar. Congress and the Administration made it clear in the new federal child care legislation that the new federal dollars were not to be used to replace existing state investments in child care.

Good child care and early childhood development programs are important. However, to thrive and learn, children also must be healthy and live in strong families with adequate incomes. Congress already has voted to extend Medicaid health coverage to every poor child by 2002. But basic health care for every child and mother -- including prenatal and maternity care, checkups, immunizations, and care for sick and disabled children -- cannot

wait. The president and Congress must act in 1992 to guarantee a Healthy Start for every child.

We also should join other industrialized nations in ensuring every American family a minimum level of economic security by enacting a refundable tax credit that leaves no family or child behind. The president and Congress must act in 1992 to provide a Fair Start for every child.

If states and the nation are to fulfill the pledge that every child will enter school ready to learn by the year 2000, there is no alternative but to make a major investment immediately in good quality child care and early childhood development services. Our continued failure to attend to the well-being and development of young children is not only a tragic waste of their potential, but also a gamble with our nation's economic future.

Endnotes

- 1/ This includes both state funds and federal funds that can but are not mandated to be used for these purposes -- see Attachment C for details on what was included, and Attachment D for information about the CDF state child care research project.
- 2/ Data on state expenditures for corrections and higher education are from: U.S. Department of Commerce, State Government Finance, 1990, Government Finances GF-90-3: Washington, D.C., August 1991.
- 3/ Ibid.
- 4/ Gary L. Siegel and L. Anthony Loman, Child Care and AFDC Recipients in Illinois: Patterns, Problems, and Needs, Institute for Applied Research: St. Louis, Missouri, September 1991.
- 5/ As of October 1, 1991, the U.S. Department of Health and Human Services reported that 13 states had not drawn down any of their federal "At-Risk" Child Care funds in FY 1991. States are, however, allowed to use these FY 1991 funds in FY 1992.
- 6/ Peter Cattan, "Child Care Problems: An Obstacle to Work," Monthly Labor Review, Vol. 114, Number 10, Bureau of Labor Statistics: Washington, D.C., October 1991.
- 7/ These states now have some child care assistance available to these kinds of families because of the new federal programs (the Child Care and Development Block Grant and the program for "At-Risk" Child Care), which gave them federal funds to set up such programs.
- 8/ Bureau of the Census, Who's Minding the Kids?, Current Population Reports, Series P-70, #9: Washington, D.C., May 1987.
- 9/ The General Accounting Office found that the average cost of good quality full-time early childhood education programs in 1988 was \$4,200 per year per child, with additional in-kind costs of roughly \$600 per child. This means that many programs charge more than this amount. U.S. General Accounting Office, Early Childhood Education: What are the Costs of High-Quality Programs?, GAO/HRD-90-43BR: Washington, D.C, January 1990.
- 10/ National Research Council, Who Cares for America's Children? Child Care Policy for the 1990's, National Academy Press: Washington, D.C., 1990.
- 11/ Child Care Employee Project, Who Cares? Child Care Teachers and the Quality of Care in America: Oakland, California, 1989.
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ATTACHMENT A

**Total Expenditures on Direct Child Care and Early Childhood Services
by State in Fiscal Year 1990**

	Direct Service Expenditures a/ -----	Total Number of Children (<14)b/ -----	Dollars per child -----	Rank -----
Alabama	\$9,198,370	818,740	\$11.23	40
Alaska	\$13,228,330	141,988	\$93.17	2
Arizona	\$22,030,600	784,274	\$28.09	23
Arkansas	\$5,926,775	481,829	\$12.30	39
California	\$343,275,242	6,227,286	\$55.12	6
Colorado	\$20,172,248	690,739	\$29.20	22
Connecticut	\$46,671,518	594,417	\$78.52	4
Delaware	\$5,196,618	130,697	\$39.76	16
Florida	\$110,800,000	2,269,515	\$48.82	9
Georgia	\$22,081,126	1,358,849	\$16.25	35
Hawaii	\$8,230,531	224,141	\$36.72	21
Idaho	\$57,730	243,644	\$0.24	50
Illinois	\$107,535,403	2,330,704	\$46.14	11
Indiana	\$10,574,690	1,138,164	\$9.29	44
Iowa	\$10,265,988	568,255	\$18.07	34
Kansas	\$9,789,030	530,369	\$18.46	33
Kentucky	\$8,002,080	739,020	\$10.83	41
Louisiana	\$9,201,163	971,557	\$9.47	43
Maine	\$9,287,835	242,589	\$38.29	17
Maryland	\$38,626,868	931,522	\$41.47	14
Massachusetts	\$162,954,345	1,071,782	\$152.04	1
Michigan	\$45,474,011	1,934,687	\$23.50	27
Minnesota	\$35,139,000	938,241	\$37.45	19
Mississippi	\$5,773,012	579,837	\$9.96	42
Missouri	\$16,668,035	1,041,235	\$16.01	37
Montana	\$526,553	175,696	\$3.00	49
Nebraska	\$8,904,618	341,247	\$26.09	25
Nevada	\$1,087,228	239,733	\$4.54	47
New Hampshire	\$5,389,382	223,722	\$24.09	26
New Jersey	\$66,266,785	1,413,961	\$46.87	10
New Mexico	\$6,847,037	355,674	\$19.25	31
New York	\$236,401,916	3,353,698	\$70.49	5
North Carolina	\$34,010,163	1,251,716	\$27.17	24
North Dakota	\$574,433	139,574	\$4.12	48
Ohio	\$42,383,938	2,201,401	\$19.25	30
Oklahoma	\$24,856,115	658,270	\$37.76	18
Oregon	\$10,859,833	574,603	\$18.90	32
Pennsylvania	\$93,466,369	2,195,796	\$42.57	12
Rhode Island	\$9,272,979	178,911	\$51.83	7
South Carolina	\$26,529,109	718,345	\$36.93	20
South Dakota	\$780,131	158,358	\$4.93	46
Tennessee	\$15,205,808	945,473	\$16.08	36
Texas	\$159,516,520	3,833,861	\$41.61	13
Utah	\$11,374,103	503,759	\$22.58	28
Vermont	\$9,279,194	113,879	\$81.48	3
Virginia	\$7,516,680	1,190,563	\$6.31	45
Washington	\$50,261,333	1,012,733	\$49.63	8
West Virginia	\$6,603,350	335,132	\$19.70	29
Wisconsin	\$42,243,206	1,024,237	\$41.24	15
Wyoming	\$1,388,839	107,097	\$12.97	38

National

Total: \$1,987,622,170 (including District of Columbia)

Source: Children's Defense Fund, 1992. Totals do not include federal Head Start funds or state programs focused exclusively on early education for children with disabilities. The new Child Care and Development Block Grant and "At-Risk" Child Care funds passed in November 1990 are not included because these funds were not available in any state until FY 1991 or FY 1992.

- a/ Direct service expenditures included funds used to purchase services for children directly. Funds spent on such things as salary initiatives, provider recruitment or training, or improvement of licensing policies were not included.
- b/ U.S. Decennial Census, 1990.

ATTACHMENT B

**Total Expenditures on Direct Child Care and Early Childhood Services
by State Programs in Fiscal Year 1990**

Name of the Program -----	Direct Service Expenditures -----
Alabama	
Title XX	\$8,822,663 a/
JOBS and TCC	<u>\$375,707</u>
	\$9,198,370
Alaska	
Child Care Program	\$9,255,330
State Supplements to Head Start	\$3,964,800
TCC	<u>\$8,200</u>
	\$13,228,330
Arizona	
DES Day Care Subsidy	\$22,000,600
Family Investment Initiative	<u>\$30,000</u>
	\$22,030,600
Arkansas	
Social Services Block Grant	\$3,445,789
State Child Care Funds	\$440,888
Project Success	<u>\$2,040,098</u>
	\$5,926,775
California	
General Child Care	\$200,797,672
Campus Child Care	\$11,083,799
State Migrant Child Care	\$7,660,000
Exceptional Needs Child Care	\$445,877
Latch-key Program	\$15,455,566
Family Day Care Systems	\$7,263,721
Severely Handicapped Day Care	\$774,000
School-Aged Parent Program	\$7,263,000 b/
Alternative Payment	\$29,591,744 c/
Federal Migrant	\$2,140,000
State Preschool	\$36,674,516
Protective Services	\$1,069,000
GAIN and TCC	<u>\$23,056,347</u>
	\$343,275,242
Colorado	
Income Status (Title XX)	\$11,395,429
Language Enrichment for 4-Year Olds	\$5,700,000 a/
JOBS, AFDC-Working and TCC	<u>\$3,076,819</u>
	\$20,172,248
Connecticut	
Purchase of Service	\$20,368,677
Grants to Child Care Centers	\$19,074,895 d/
Grants to School-Aged Child Care	\$296,216
State Supplements to Head Start	\$590,000
JOBS and TCC	\$6,166,730 e/
Teen Parents	<u>\$175,000</u>
	\$46,671,518
Delaware	
Subsidized Child Care	\$5,196,618
District of Columbia	
Subsidized Child Care	\$22,930,000
Prekindergarten	\$13,286,000
State Supplements to Head Start	<u>\$3,700,000</u>
	\$39,916,000

Florida	
Title XX	\$54,200,000
Early Intervention	\$51,000,000 f/
Project Independence and TCC	<u>\$5,600,000</u>
	\$110,800,000
Georgia	
State Subsidized Program/PEACH	\$22,081,126
Hawaii	
Social Services Child Care	\$1,689,417
A+ Program	\$5,500,000 g/
State Supplements to Head Start	\$290,754 a/
TCC	\$360
Open Doors -- Tuition Assistance	<u>\$750,000</u>
	\$8,230,531
Idaho	
Protective Services	\$38,663
TCC	<u>\$19,067</u>
	\$57,730
Illinois	
Employment Related Day Care	\$50,801,900
Families with a Future	\$831,700
Pre-K for At-Risk Children	\$45,000,000
Protective Services	\$5,712,100
State Supplements to Head Start	\$896,000
JOBS and TCC	<u>\$4,293,793</u>
	\$107,535,403
Indiana	
Social Services Block Grant	\$10,010,281
School Aged Child Care	\$564,409
TCC	<u>dk</u>
	\$10,574,690
Iowa	
State Child Care Assistance	\$4,574,029
At-Risk Child Development	\$1,175,700
Protective Services	\$3,026,022
TCC	\$716,737
Teen Parents	<u>\$773,500</u> b/
	\$10,265,988
Kansas	
Social Services Block Grant	\$6,463,808
JOBS and TCC	<u>\$3,325,222</u>
	\$9,789,030
Kentucky	
Purchase of Service	\$7,977,727
Refugee Child Care	\$16,449 d/
TCC	<u>\$7,904</u>
	\$8,002,080
Louisiana	
Vendor Day Care Program	\$5,694,081
High Risk Four-Year-Olds	\$3,501,500
TCC	<u>\$5,582</u>
	\$9,201,163
Maine	
Voucher Program	\$1,052,000
Title XX Child Care	\$5,645,066
Early Childhood Demonstration	\$150,000 f/
State Supplements to Head Start	\$2,440,769
TCC	<u>dk</u>
	\$9,287,835

Maryland	
Non-AFDC Child Care	\$19,922,441
Extended Elementary Education	\$6,660,900 f/
Project Independence and TCC	\$11,325,527
Foster Care	<u>\$718,000</u>
	\$38,626,868
Massachusetts	
Voucher Day Care	\$57,159,000
Contracted Child Care	\$90,700,000
Chapter 1-88	\$7,495,345
State Supplements to Head Start	\$6,000,000
Independent Child Care	<u>\$1,600,000</u>
	\$162,954,345
Michigan	
Social Services Block Grant	\$14,470,000
State Preschool	\$21,500,000
MOST Program and TCC	<u>\$9,504,011</u>
	\$45,474,011
Minnesota	
Basic Sliding Fee Program	\$14,692,000
State Supplements to Head Start	\$5,500,000
AFDC Child Care Program	\$14,300,000
Migrant Child Care	<u>\$647,000</u>
	\$35,139,000
Mississippi	
Social Services Block Grant	\$5,728,360
TCC	<u>\$44,652</u>
	\$5,773,012
Missouri	
Purchase of Day Care	\$13,413,533
Protective Services	\$3,138,594
TCC	<u>\$115,908</u>
	\$16,668,035
Montana	
Protective Services	\$514,321
TCC	<u>\$12,232</u>
	\$526,553
Nebraska	
Title XX	\$5,255,821
Job Support Program and TCC	<u>\$3,648,797</u>
	\$8,904,618
Nevada	
Title XX	\$209,357 d/
JOBS and TCC	\$747,878
AFDC Working -- Additional Benefits	<u>\$129,993</u>
	\$1,087,228
New Hampshire	
Employment Related Child Care	\$4,364,698
Protective Services	\$791,684 a/
State Supplements to Head Start	<u>\$233,000</u>
	\$5,389,382
New Jersey	
Social Services Block Grant	\$34,609,000
Head Start-Like	\$1,184,000
Urban Pre-K Pilot Program	\$2,500,000 f/
Protective Services	\$9,387,000
REACH	\$10,225,610
SACC	\$500,000
State Equalization Aid - Four Year Olds	<u>\$7,861,175</u>
	\$66,266,785

New Mexico	
Income Eligible Child Care	\$3,391,458
Protective Services	\$1,328,934
Project Forward	<u>\$2,126,645</u>
	\$6,847,037
New York	
Title XX	\$138,237,376 h/
Low-Income Child Care	\$46,279,656 h/
Prekindergarten Program	\$41,671,000 a/
State Supplements to Head Start	\$1,800,000
TCC	\$10,284
CUNY Child Care Subsidy	\$2,225,000
Migrants	\$4,000,000
SUNY Child Care Subsidy	\$1,533,600
SUNY Community Colleges Child Care	<u>\$645,000</u>
	\$236,401,916
North Carolina	
Subsidized Child Care	\$29,483,742
Developmental Day Care	\$4,500,105
TCC	<u>\$26,316</u>
	\$34,010,163
North Dakota	
Crossroads Project	\$50,000 i/
Prime Time Child Care	\$175,000 i/
JOBS and TCC	<u>\$349,433</u>
	\$574,433
Ohio	
Title XX	\$25,999,768 a/
Public School Preschool	\$5,500,000
State Supplements to Head Start	\$5,500,000
JOBS and TCC	<u>\$5,384,170</u>
	\$42,383,938
Oklahoma	
Day Care Services	\$23,914,340
4-Year Old Program	\$835,275
Respite Child Care	<u>\$106,500</u>
	\$24,856,115
Oregon	
Employment Related Child Care	\$6,326,197
Transitional Child Care	\$366,036 a/
Migrant Child Care	\$799,882
Oregon Prekindergarten	\$2,850,000 f/
Protective Services	<u>\$517,718</u>
	\$10,859,833
Pennsylvania	
Social Services Block Grant	\$75,836,369
Migrant Child Care	\$630,000
New Directions (JOBS) Child Care	<u>\$17,000,000 a/</u>
	\$93,466,369
Rhode Island	
Subsidized Child Care	\$7,158,055
Allocation for Prekindergarten	\$266,000
State Supplements to Head Start	<u>\$1,848,924</u>
	\$9,272,979
South Carolina	
Social Services Block Grant	\$11,270,568 j/
At-Risk Prekindergarten	\$15,005,678
JOBS and TCC	\$132,863
Protective Services	<u>\$120,000</u>
	\$26,529,109

South Dakota	
Child Protection	\$26,780
Child Care Program and TCC	<u>\$753,351</u>
	\$780,131
Tennessee	
Social Services Block Grant	\$14,763,233
TCC	<u>\$442,575</u>
	\$15,205,808
Texas	
Title XX	\$40,203,305
Prekindergarten	\$114,774,440
TCC	\$1,238,775
Child Care for Teen Parents	<u>\$3,300,000</u> a/
	\$159,516,520
Utah	
Child Care Program	\$6,192,000
JOBS and Transitional Child Care	<u>\$5,182,103</u>
	\$11,374,103
Vermont	
Subsidized Child Care	\$8,027,000
Early Education Initiative	\$1,250,000
TCC	<u>\$2,194</u>
	\$9,279,194
Virginia	
Child Day Care Fee System	\$7,431,996
TCC	<u>\$84,684</u>
	\$7,516,680
Washington	
Employment Child Care	\$9,128,453
Child Protective Services	\$4,080,511
Therapeutic Child Care	\$3,385,416
Teen Parents	\$736,697
Seasonal Child Care	\$3,448,929
Family Independence Program	\$14,787,625 k/
Early Childhood Education & Assistance Program	\$13,000,000
State Supplements to Head Start	\$538,265
TCC	\$2,937
First Steps	\$152,500 a/
Div. of Alcohol & Sub. Abuse	<u>\$1,000,000</u>
	\$50,261,333
West Virginia	
Title XX	\$4,500,000 a/
Prekindergarten	\$892,278
JOBS and TCC	<u>\$1,211,072</u>
	\$6,603,350
Wisconsin	
Community Aid Child Care	\$11,634,802
Teen Parents	\$79,200
4-Year-Old Kindergarten	\$14,000,000 a/
State Supplements to Head Start	\$2,000,000
Consolidated AFDC & TRC Child Care	\$14,057,309
Drug & Alcohol Treatment Child Care	\$193,895
Family Support Child Care	<u>\$278,000</u>
	\$42,243,206
Wyoming	
Day Care	\$1,375,862
TCC	<u>\$12,977</u>
	\$1,388,839
National Total:	\$1,987,622,170

Source: Children's Defense Fund, 1992. The listed program names reflect state-specific terminology to denote various child care programs. Totals do not include federal Head Start funds or state programs focused exclusively on the early education for children with disabilities. Direct service expenditures included funds used to directly purchase services for children. Funds spent on such things as salary initiatives, provider recruitment or training, or improvement of licensing policies were not included.

Notes

- a/ Estimate.
- b/ Includes unknown amount spent on other supportive services for families, such as parental education or employment counseling.
- c/ Includes Alternative Payment and Alternative Payment Latch-key program.
- d/ Includes local administrative costs.
- e/ Doesn't include funds spent on AFDC working families.
- f/ In addition to this amount, there were additional in-kind contributions for this program.
- g/ This is the amount allotted for the program implemented in February 1990.
- h/ This figure is for the federal fiscal year. Local administrative costs of up to 10 percent (determined by each county) are included in this amount.
- i/ Includes an unknown amount for the training of child care providers.
- j/ Federal fiscal year.
- k/ This was a pilot program during this year.

ATTACHMENT C

METHODOLOGY

In the past year, CDF has surveyed all state child care and early childhood education agencies to examine the policies and expenditures of all programs that provided child care and early childhood development services in state Fiscal Year 1990. This report provides information on the expenditures for these services. Subsequent reports (see Attachment D) will provide information on the policies of the programs included here.

Only those programs where states had discretion over the level of total funding and policies were included. Consequently, for example, programs such as Head Start (which is federally funded) were not included, while the child care assistance provided to families on welfare (where states have to match federal funds) was included. The only state or state/federal programs that were not included in the study were state preschool programs that were limited to children with disabilities and preschool efforts that operated for three or fewer days per week. Information on Chapter 1 funded preschools was also not included, because states do not collect these data.

CDF mailed survey forms to each state agency that administered funds for child care or early childhood development services. These surveys included questions on expenditures, eligibility categories, reimbursement rates, quality of care, and

other essential issues. This information was collected from every program in each state, and great effort was made to ensure that no programs were missing. With considerable effort, CDF was able to achieve a 100 percent response rate, with more than 180 surveys conducted.

Survey data were collected, where possible, through phone interviews, which allowed us to improve the accuracy of our data. These data were put into computer data bases as the information was received. Finally, after the data were analyzed, printouts of state expenditure levels were mailed to each respondent to verify. Consequently, these data reflect the best assessment of expenditures by staff in the state child care and early childhood education agencies.

For more information, contact Gina Adams or Jodi Sandfort at the Children's Defense Fund, (202) 628-8787.

ATTACHMENT D

THE CHILDREN'S DEFENSE FUND'S STATE CHILD CARE RESEARCH PROJECT

In 1989 the Children's Defense Fund initiated an intensive research project designed to collect information about a broad range of state-funded child care and early childhood development policies and programs. The first phase in this project focused on state policies that affect the quality of child care, and resulted in a report titled Who Knows How Safe? The Status of State Efforts to Ensure Quality Child Care, released in 1990. It provided state-by-state information on state policies and programs that improve the quality of child care and early childhood education programs, including state licensing policies as well as state policies to provide training, improve provider salaries, and educate parents about quality.

The second phase in this project examines state efforts to provide child care assistance and early childhood development services. To measure state commitment to such services, CDF collected information on the expenditures, policies, and practices of all state programs that provided such assistance to families in state fiscal year 1990. CDF examined all state (or combined state and federal) programs that:

- o Help low-income families purchase child care,
- o Provide preschool education services to children, or
- o Provide child care assistance to particular groups of families and children (such as migrant or refugee families, teen parents, families whose children are at risk of abuse and neglect, and other families who are of special interest).

This report is the first product from this second phase of CDF's research effort. It focuses on the total amount of expenditures in each state for these services. Other reports from this phase will provide much more detailed information about specific state policies in a range of state programs. For example, the second report (to be released in late March, 1992) examines early lessons learned from state implementation of the federal Title IVA welfare reform child care assistance programs. The third report, to be released later in 1992, will examine state efforts to help low-income parents become self-sufficient by providing child care assistance. The subsequent report will focus on state preschool and early childhood education programs. The final report from this phase of the project will examine state child care programs for families that have particular needs for child care assistance, such as migrants or refugee families and teen parents.

For more information, contact Gina Adams or Jodi Sandfort at the Children's Defense Fund, (202) 628-8787.