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ABSTRACT

One of a series of reports concerning state policies and practices in child care and early education, this report provides highlights and updates regarding state actions during 1998. The report is intended to serve as a supplement and companion to the more comprehensive information presented in "State Developments in Child Care and Early Education 1997." The information in this report was collected through written surveys and phone interviews with advocates in each state. The final draft was reviewed for verification by advocates and state child care administrators in each state. Following an introduction, the report provides information in the following areas: (1) state decisions regarding child care funding; (2) child care subsidy eligibility; (3) state subsidy payment rates; (4) parent subsidy co-payments; (5) child care tax credits; (6) quality and supply: general; (7) quality and supply: care for infants and toddlers; (8) quality and supply: school-age care: (9) quality and supply: odd-hour care: (10) licensing and regulatory changes; (11) Head Start and prekindergarten initiatives; (12) bringing communities together for children; (13) increasing business investment; and (14) changes in child care administration. (EV)

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State Child Care and Early Education Developments

Highlights and Updates for 1998

Helen Blank

Nicole Oxendine Poersch

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About the Children's Defense Fund

The mission of the Children's Defense Fund is to *Leave No Child Behind*® and to ensure every child a *Healthy Start*, a *Head Start*, a *Fair Start*, a *Safe Start*, and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

CDF provides a strong, effective voice for *all* the children of America who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investment before they get sick or into trouble, drop out of school, or suffer family breakdown.

CDF began in 1973 and is a private, nonprofit organization supported by foundations, corporation grants and individual donations. We have never taken government funds.

CDF works to improve practices and policies that affect large numbers of children rather than helping families on a case-by-case basis. Our staff includes specialists in health, child welfare, mental health, child development, family income, and youth violence. CDF gathers data and disseminates information on key issues affecting children. We assess how private and public sector policies, priorities, and practices impact the health and safety of children and the ability of parents to support and nurture their children, and work to increase positive supports for children and their families.

CDF educates hundreds of thousands of citizens annually about children's needs and responsible options for meeting those needs. We provide information, technical assistance, and support to networks of state and local child advocates, service providers, and public and private sector officials and leaders.

CDF is a national organization with roots and branches in all 50 states and communities across America. Although our main office is in Washington, D.C., we reach out to towns and cities across the country to monitor the effects of changes in national, state, and local policies and to help people and organizations concerned with what happens to children. CDF maintains state offices in California, Minnesota, New York, Ohio, and Texas, a Southern regional office of the Black Community Crusade for Children in Jackson, Mississippi, and local project offices in Marlboro County, S.C., and Columbus and Greater Cincinnati, Ohio. CDF has developed cooperative projects with groups in many states. CDF's Former Alex Haley Farm in Clinton, Tennessee serves as a school and spiritual renewal center for building the movement to *Leave No Child Behind*®. The Black Community Crusade for Children, developed by Black leaders and coordinated by CDF, is an initiative to mobilize the African American community behind a targeted effort to address the special problems facing *every* child and family.

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State Child Care and Early Education Developments:

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Helen Blank
Nicole Oxendine Poersch

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February 1999

Acknowledgments

This report is one of a series of reports by the Children's Defense Fund (CDF) concerning state policies and practices in child care and early education. CDF's work on this study is supported by the Ford Foundation, the Annie E. Casey Foundation, the A.L. Mailman Family Foundation, the Prudential Foundation, and the Charles Stewart Mott Foundation.

We are grateful to the individuals who helped on this project. First and foremost, we thank those in each state who took the time and effort to provide and verify the information that makes the report possible. In addition, special thanks are due to the interns and staff members at CDF who contributed to this project, including Andrea Behr, Matthew Green, Lisa Podemski, Emma Tsui, Heidi Hilgendorf, and Elizabeth Reynolds.

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About This Report

This report provides highlights and updates regarding state actions on child care and early education issues during 1998. The report is intended to serve as a supplement and companion to the more comprehensive information presented in *State Developments in Child Care and Early Education 1997*.

The information in this report was collected through written surveys and phone interviews with advocates in each state. The final draft was reviewed for verification by advocates and state child care administrators in each state.

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Introduction

As our nation engages in a dialogue on the future of education, we face the continued challenge of ensuring that young children are prepared to enter school ready to learn and that children in school have access to the constructive after-school activities they need to stay on track. Looking across state activity in child care and early education in 1998, there are signs of incremental progress on this front. However, there are equally strong signs that as a nation, we are not moving boldly enough to provide our children the early learning and after-school experiences they need to succeed.

Every decision that state and local communities make regarding child care, early education, and after-school activities should be designed to achieve three essential results:

- Ensure that young children have a sound foundation that allows them to enter school with the early learning skills necessary to become strong readers and good students;
- Ensure that older children have access to after-school activities that offer a safe haven and provide the enrichment and academic activities they need to stay and succeed in school; and
- Ensure that parents have reliable child care options while they work to support their families and remain independent, as well as the choice to stay home if they wish.

These are not independent discrete results; they are inextricably bound together. However, most state and federal policy conversations fail to make the connection between preparing children to enter school and meeting the needs of low-income parents who must work.

As the governors formulate their 21st century education agendas, investments in good child care, early education, and after-school activities should be among their top priorities. Research on brain development is clear that the first three years are critical to a child's future success. A new report, *Preventing Reading Difficulties in Young Children*, released by the National Research Council in 1998, also notes that the majority of reading problems faced by today's adolescents and adults could have been avoided or resolved in the early years of childhood. It argues that children must arrive in the first grade with strong language and cognitive skills and be motivated to learn to read in order to benefit from classroom instruction. The report makes clear that "preschool children need high-quality language and literacy environments in their homes and in out-of-home settings." Constructive after-school activities are also important to ensure that older children receive a strong boost to help them succeed and stay in school. Children who attend after-school programs have higher grades and self-esteem and are less likely to engage in risky behavior such as alcohol, drugs, and smoking.

Despite what we know, too many children still spend their days in early childhood settings that do not provide the early start they need and too many older children simply have no place to go. While there is significant interest in child care, early education, and after-school care, few proposals reflect a commitment to comprehensive solutions.

The 1998 activity summarized in this report illustrates the current mixed picture. The good news is that several states are making continued improvements in affordability, quality, and supply. Unfortunately, progress is slow and primarily piecemeal. The further bad news is that a sizable number of states made no new investments in child care, prekindergarten, or after-school care. Some took steps backwards — providing less help to families or diluting basic health and safety protections for children in child care. Yet, the research is clear — we cannot afford to wait and waste the potential of so many children.

Promising Progress

Given the tremendous need to improve the affordability, quality, and supply of child care, early education, and after-school activities, the fact that many states made positive progress is encouraging. A few states undertook major initiatives and experimented with new strategies for change. Below are some highlights; please see the full text for details and additional developments.

Through its Starting Right legislation, **Rhode Island** expanded its guarantee of child care assistance for working families, increased payment rates, and extended eligibility for child care assistance to include school-age children up to age 16. The state also expanded health insurance coverage for child care providers and their children and increased funding to address shortages of hard-to-find care such as infant care, care during nontraditional hours, and care in specific geographic areas. Funding was appropriated to establish an after-school program for middle and junior high school students in high-risk urban school districts as well as to increase the number of state-funded Head Start and child care programs offering comprehensive services.

Missouri took a comprehensive approach to investing the approximately $21 million in revenues expected from new state gaming entrance fees (primarily from riverboat gambling). The state will use 60 percent of the funds to support the start-up and expansion of preschool programs for 3- and 4-year-olds. The remaining 40 percent of overall funds generated by the gaming fees will be divided among the following programs: 10 percent is earmarked for child care vouchers; 10 percent is earmarked to provide subsidies to parents who stay at home to care for their children; 10 percent is

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earmarked for enhanced rates for accredited providers; and approximately 10 percent is unassigned.

Illinois, spurred by a coalition of child care advocates, police prosecutors, public health officials, and doctors, made several important steps forward in 1998. The state hired 75 new licensing staff (a 40 percent increase in total licensers), improved standards for the training of licensing staff, and increased parent access to information about child care providers. In addition, the state significantly raised state subsidy payment rates, increased eligibility for child care assistance, and began a new after-school program targeted toward at-risk youths.

California voters passed a major new early childhood initiative for early childhood care in 1998. Under the leadership and support of Hollywood film director Rob Reiner, voters approved Proposition 10 — the "California Children and Families Initiative." The measure will raise approximately $750 million per year from a 50 cent per pack tax on cigarettes to assist local communities in strengthening and expanding early childhood services for children from the prenatal stage to age 5. Under this initiative, county Children First Commissions will assess what additional support children need to get off to a good start in life. The range of activities that could be funded, depending upon the recommendations of the commissions, include improving caregiver salaries, home visits, linking health and child care services, and directly enhancing child care programs. In addition, the California legislature passed a bill supporting new after-school programs. The After-School Learning and Safe Neighborhoods Partnerships Program allocates $50 million annually for grants for after-school enrichment programs for students in kindergarten through ninth grade, giving priority to schools with a high percentage of low-income students. An additional $10 million was allocated through the budget for infant and toddler care ($20 million on an annual basis) and $15.7 million will be used for the expansion of the state's preschool program ($31.4 million on an annual basis).

Washington took steps on many fronts. The state raised eligibility levels, increased state payment rates, and expanded support for a variety of efforts to improve quality and supply. The state significantly expanded the Washington State Training and Registry System (STARS), a career development system for early childhood and youth care, and launched a multi-part infant/toddler initiative. The infant/toddler initiative includes funding to support: 1) public health officers to provide outreach and technical assistance to child care providers caring for infants and toddlers; 2) infant/toddler care start-up and expansion grants; 3) training about the new brain development research and its practical implications; 4) a public awareness campaign about the brain research; 5) scholarships for child care providers seeking infant/toddler-related training through Washington STARS; and 6) a $250 bonus for all providers serving infants receiving subsidy assistance. Also through the STARS initiative, state licensing standards were improved. In addition, the Commission on Early Learning, co-chaired by First Lady Mona Lee Locke and Melinda Gates, was

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established in 1998, and plans are underway to solicit public and private matching funds to support a comprehensive agenda pursued by the commission.

Iowa combined state dollars and federal Temporary Assistance for Needy Families (TANF) block grant funds to support the Community Empowerment Areas initiative. The funding will support efforts to improve services for children from birth to age 5, such as preschool programs, prenatal programs, parent education classes, and full-day Head Start programs. In order to receive funding, communities must create a local community empowerment board and have its members conduct a needs assessment of families and their children from birth to age 5.

Indiana transferred $56 million from the TANF block grant and increased Child Care and Development Block Grant (CCDBG) quality set-aside funds to support a variety of child care initiatives. Creative efforts in 1998 included an expansion of the Child Care Financing Symposium Initiative, which supports local efforts to raise public awareness of local child care needs, build public–private partnerships for child care, expand the supply of high-quality child care, increase the number of credentialed child care providers, and reduce the high turnover among child care professionals. The project is coordinated locally by county Step Ahead Councils, which serve as a single point of entry at the local level for services for children and families. The state also: expanded its Education Collaborative; implemented a new scholarship program (based on the TEACH model); launched the Building Bright Beginning public education campaign; initiated the Safe Haven school-age program; and launched a public-private child care financing partnership called the Indiana Child Care Fund.

Continuing Challenges

While there is growing recognition that good child care is essential, our existing child care investments come nowhere near meeting the needs of families, children, and caregivers. A 1998 CDF study, *Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families*, found that most state child care policies do not make a serious dent in the problem.

Good child care is still out of reach for many families. Child care can easily cost between $4,000 and $10,000 for one preschooler. Even low-income working families who are eligible for child care assistance frequently cannot get help. Approximately half of the states turn away eligible families or put them on waiting lists. Most families do not even know child care is available, as few states have made serious outreach efforts. Forty-three states reported that if all eligible families sought services, they were not confident they would have the resources to serve them.

Unfortunately, the problem of high child care costs cannot be easily remedied by asking child care providers to lower their prices. The largest portion of a child care

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center or family child care home budget is dedicated to staff salaries, yet the average salary of a child care worker is under $12,000 a year. As a result, child care centers continue to experience very high turnover of teaching staff which threatens their ability to offer quality care. More than one in four child care teachers and 39 percent of assistants left their jobs over the course of a year. In addition, while staff education and training are among the most critical elements in improving children's experiences in child care, 39 states and the District of Columbia do not require any prior early childhood training for providers who care for children in their homes. In contrast, approximately 1,500 hours of training at an accredited school are required to qualify as a licensed haircutter or manicurist.

Families who cannot get assistance face many hardships. A recent study by the Day Care Services Association of North Carolina found that 78 percent of respondents on the state's waiting list for child care help experienced financial problems. Once they received help, it made a significant difference. Eighty-three percent of respondents who *did* receive a child care subsidy said that the subsidy improved either the quality or reliability of their children's care.

Simply finding child care can be a daunting task. Several studies reveal a limited availability of center-based care, especially full-day care, in low-income neighborhoods. The supply of family child care was also found to be more limited than in higher-income neighborhoods. The current welfare law makes this situation all the more troubling because mothers leaving TANF must have reliable child care arrangements not only to get jobs but to keep them over a long period of time.

The scarcity of before- and after-school care still leaves many school-age children without supervision. Nearly 5 million children are home alone after school each week. Although it is often thought that juvenile crime occurs mostly on evenings and weekends, juvenile crime actually peaks between 3 p.m. and 7 p.m. — the after-school hours when many children are unsupervised.

Early childhood and after-school experiences affect the way children think, learn, and behave for the rest of their lives. It is time for every state and the nation to make a serious commitment to guaranteeing that no child misses out on life's opportunities because they cannot get the early learning and constructive after-school experiences they need.

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State Decisions Regarding Child Care Funding

Overall investments in child care services have been increasing at the state level, However, large numbers of eligible families cannot access child care assistance, state policies are still lacking, and there are severe shortfalls in the quality of care that is available and affordable for most working families.

In 1998, some good news was found in a few states that found new ways to increase child care funding. Three states — **Missouri, South Dakota, and California** — earmarked new, unconventional state revenue sources for child care and early education. In **Missouri,** funding for a new Early Childhood Development and Care Fund is being generated by proceeds from riverboat gambling. In **South Dakota,** increased funding for child care is being generated by closed circuit horse and dog racing. In **California,** voters approved a ballot initiative that authorizes a 50 cents per pack tobacco tax that will generate an estimated $750 million dollars per year in funding for the state's new Families and Children First Initiative.

In 1998, all states benefited from a $100 million increase in mandatory federal funding for the Child Care and Development Block Grant. In addition, at least 26 increased funding for child care by earmarking a portion of TANF block grant funding for child care, including **Arizona, California, District of Columbia**[1], **Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Montana, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Vermont, Virginia, Washington,** and **West Virginia.**[2]

Although the transfer of TANF funding resulted in a net gain for children in most of these states, several states used federal TANF dollars to supplant a portion of current state commitments to child care. At least five states cut a portion of *state* dollars invested in child care and replaced those funds with *federal* TANF funds, including **Arizona, Iowa, Maine, Oklahoma,** and **Vermont.**

State Actions in 1998

Arizona decreased state funding by $13.6 million and earmarked $38.2 million in TANF funding for child care, which was transferred to the CCDBG as needed.

[1] For the purpose of this report, the District of Columbia is counted as a state.

[2] This information does not include states that transferred TANF funds last year for the biennial legislative session. For information on these states, see *State Developments in Child Care and Early Education, 1997.*

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California increased its overall state spending for child care and early education by approximately $172.6 million. The state budgeted $477.6 million in TANF funds to support the CalWORKS child care program for TANF families. Of these funds, $100 million was transferred to the CCDBG for TANF families and those moving off TANF. The state also created a $183 million reserve from TANF funds that will be transferred into Title XX to support the CalWORKS child care program as needed.

The District of Columbia increased city funding for child care subsidies by more than three fold to $22 million. The city also earmarked $10 million in the TANF block grant for child care.

Florida transferred a projected $117 million from the TANF block grant for child care. A portion of the increase — $74,909,384 — will be used to reduce the waiting list for working poor families. In addition, $4.7 million will be used to increase the appropriation for the Gold Seal accreditation program; $2 million will be used to expand the TEACH program; and $2 million will be used for respite care.

Georgia maintained state funding and transferred $15 million for the TANF block grant to the CCDBG.

Illinois maintained state funding and earmarked $163,450,300 in the TANF block grant for child care.

Indiana transferred $56 million from the TANF block grant to the CCDBG.

Iowa transferred $5 million in state child care funding to the TANF block grant and replaced these funds with federal TANF dollars. The state will also transfer an additional $3.8 million from the TANF block grant to the CCDBG to fund the Community Empowerment Area Program, a new statewide initiative to improve services for children from birth to age 5. (See the Bringing Communities Together for Children section for more details.)

Kansas transferred $5 million from the TANF block grant to fund Early Head Start.

Kentucky increased state funding by $1.8 million and will transfer $18.3 million from the TANF block grant to the CCDBG.

Maine decreased state funding by $250,000 and will transfer $6 million from the TANF block grant to the CCDBG. Because there was also a $3 million reduction in Title XX Social Services Block Grant funding for child care and a $1.4 million reduction in Title IV funding for child care, the net increase in overall child care funds equaled approximately $1.35 million.

Massachusetts transferred $92 million from the TANF block grant to the CCDBG.

Michigan earmarked $227.5 million in TANF block grant funds for child care. Approximately $150 million of the TANF funds were transferred to the CCDBG while the remainder was kept in TANF.

Missouri increased child care subsidy funding by $9.6 million. The state also launched a new early childhood program funded with revenues generated by riverboat gambling entrance fees. The initiative is expected to generate an estimated $21 million per year in FY 1999 (See the Head Start and Prekindergarten Initiatives section for more details.)

Montana maintained state funding levels and transferred $5 million from the TANF block grant to the CCDBG.

Nevada increased state funding from $1.68 million in FY 1997 to $7 million in FY 1998 to $8 million in FY 1999 allowing Nevada to realize the maximum amount of federal funding available.

New Mexico transferred $23 million from the TANF block grant to the CCDBG.

New York maintained state child care funding and transferred $60 million from the TANF block grant to the CCDBG in FY 1998-99.

North Carolina increased state funding for Smart Start by $42.5 million to expand the program to all 100 counties in the state. In addition, the state transferred $66 million from the TANF block grant to the CCDBG.

Ohio maintained state funding and earmarked $49.9 million in TANF funding for child care.

Oklahoma decreased state child care funding and transferred $26.4 million from the TANF block grant to the CCDBG, including $5 million for the "First Start" initiative.

Oregon earmarked $18.4 million in the TANF block grant to support the child care needs of families participating in the JOBS program as well as employed TANF families.

Pennsylvania increased state child care funding by $9.8 million and transferred $41.1 million from the TANF block grant to the CCDBG.

Rhode Island increased state funding by $1 million to support its new Starting Right initiative. (See the Introduction for more details.)

South Dakota increased state funding by $100,000 using funds generated from a tax on profits from gambling within the state via closed circuit television broadcasts of horse and dog racing.

Texas earmarked a portion of the TANF block grant funds for child care.

Vermont decreased state child care funding by $3 million and transferred $4 million from the TANF block grant to the CCDBG.

Virginia maintained state child care funding and transferred $7 million from the TANF block grant to the CCDBG.

Washington transferred a portion of the TANF block grant to the CCDBG.

West Virginia transferred $10 million in TANF funds for FY 1998-99 to support rate increases for providers.

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Child Care Subsidy Eligibility

In 1998, many states expanded eligibility guidelines for child care. At least 17 states expanded their income eligibility guidelines to include more families, including **Arizona, Illinois, Iowa, Kentucky, Louisiana, Massachusetts, Mississippi, Nebraska, New Hampshire, New Mexico, Ohio, Oklahoma, Rhode Island, Texas, Vermont, Washington,** and **Wyoming.** At least two of these states — **Illinois** and **Washington** — implemented disregards of a portion of earned income as a method of expanding income eligibility. In addition, **Rhode Island** expanded the *guarantee* of child care assistance to more working poor families.

At the same time, at least 11 states expanded access to assistance for certain categories of families. At least five states lifted the caps on assistance for families in school provided that they meet a minimum number of work hours as well, including **Arizona, Iowa, Illinois, Kentucky,** and **South Dakota. Illinois** set aside specific funding to support families in educational activities. At least three states — **Iowa, Idaho,** and **Washington** — expanded eligibility to include job search activity. Teen parents were guaranteed assistance in at least two states — **Alabama** and **Montana.** Foster families were also the target of new expansions in eligibility this year in at least four states, including **Illinois, Oklahoma, South Carolina,** and **South Dakota.**

The fact that at least 16 states expanded income eligibility is interesting in light of the tremendous unmet need for assistance faced in all states. Obviously, unless funding is adequately increased, expanded eligibility in these states will not necessarily mean that more families will receive assistance. In 1998, only one out of 10 children who are eligible under federal law were receiving the child care assistance they needed. Despite recent increases in state and federal funding for child care, it is unlikely that there are sufficient funds in most states to serve all families already eligible for assistance, without the added demand created by expanding eligibility guidelines. As of January 1998, about half of the states had turned away eligible low-income working families or put them on waiting lists. In addition, all but eight states said that their resources were inadequate to serve all eligible families if they knew they were eligible — even with very low-income cutoffs.

In addition, an important lesson was highlighted in at least two states — **Illinois** and **Wisconsin.** Even with a guarantee of assistance, it is not enough simply to allocate the funding to serve families. Outreach efforts are essential to ensuring that families know about the potential of assistance. While both of these states implemented guarantees of assistance, far too few families took advantage of the new benefits because aggressive outreach efforts did not immediately accompany the implementation of guarantees. States are hesitant to conduct major outreach until they gain a sense of the uptake rate for services. For example, once it realized that usage of child care assistance was low, **Wisconsin** launched an outreach campaign.

Despite the notable expansions of eligibility in a number of states, most states held eligibility levels steady and at least two states, **Montana** and **Pennsylvania**, lowered income eligibility levels. In addition, **Iowa** further restricted eligibility for certain categories of families, particularly families in education and training.

State Actions in 1998

Alabama instituted a guarantee for child care assistance for teen parents.

Arizona raised eligibility for child care assistance from 135 percent to 165 percent of the federal poverty level. The state also made it easier for mothers seeking degrees to receive help in paying for child care by eliminating the two-year time limit that was previously in place for families in higher education programs. There will no longer be a time limit as long as a parent is pursuing an education and meeting a 20-hour a week work requirement.

Idaho expanded eligibility to cover job search activities. The state also eased the logistical burden for parents by reducing the frequency of eligibility determination to a maximum of once every six months instead of once per month.

Illinois raised eligibility by allowing families to deduct 10 percent of their income when determining eligibility. The state also eliminated income guidelines for foster families.

Iowa raised eligibility for child care assistance from 125 percent to 140 percent of the federal poverty level. Eligibility for families of children with special needs was raised from 155 to 175 percent of poverty. In addition, the state reduced the number of hours parents in education and training must work from 30 hours to 28 hours per week and expanded eligibility to include medical necessity and job search. At the same time, the state placed a limit on assistance for families in education and training.

Kentucky increased the maximum eligibility for continued child care assistance to 150 percent of the federal poverty level. The state also expanded eligibility to include post-secondary education.

Louisiana raised the maximum income eligibility level from 75 percent to 85 percent of the state median income.

Massachusetts increased the maximum eligibility for continued child care assistance to 85 percent of the state median income.

Mississippi raised the maximum eligibility level from 75 percent to 85 percent of the state median income.

Montana lowered the maximum eligibility for continued child care assistance from 185 percent to 150 percent of the federal poverty level. The state also changed the eligibility determination guidelines for teen parents. Only the teen parents' income will be used to determine eligibility (instead of household income). Also, the state implemented a requirement that parents work a minimum of 60 hours per month to maintain eligibility for assistance.

Nebraska increased income eligibility to 185 percent of the federal poverty level.

New Hampshire raised eligibility from 170 percent to 185 percent of the federal poverty level.

New Mexico increased income eligibility to 200 percent of the federal poverty level.

Ohio raised eligibility from 135 percent to 185 percent of the federal poverty level. The state had cut back eligibility last year in order to target funding for families receiving TANF; however, the funding was not fully expended. As a result, eligibility was expanded again.

Oklahoma expanded eligibility to include foster parents. Foster parents will receive assistance without a co-payment.

Pennsylvania reduced eligibility. Previously, a family of three was eligible for child care help if they earned $32,000 a year (approximately 234 percent of the federal poverty level). Under new rules, a similar family can make no more than $25,000 a year (approximately 183 percent of the federal poverty level).

Rhode Island will expand the guarantee of child care assistance for families from 185 percent to 250 percent of the federal poverty level by July 1, 2000. By 2001, a family of three earning $33,325 will be entitled to receive child care subsidy assistance.

South Carolina expanded child care assistance to all income eligible foster parents.

South Dakota expanded eligibility criteria to serve families enrolled in education programs, provided that they are working as well. The state also extended assistance for families in the child protective services system and foster families. In addition, non-TANF students pursuing a two-year degree or attending vocational training are exempt from the work requirement. Students receiving Supplemental Security Income (SSI) are exempt from the work requirements. Hours spent in internships, practice teaching, and clinical work can be applied toward the 80-hour per month work requirement.

Texas implemented an extension of eligibility for certain transitional child care recipients. If parents volunteer to work before they are called to work by the welfare office, they can receive 18 months of transitional child care instead of 12 months. The income cutoff for Transitional Child Care (TCC) was raised to 185 percent of the federal poverty level.

Vermont raised eligibility to 82.5 percent of the state median income.

Virginia instituted regional eligibility levels to take into account the significant differences in the cost of living across the state. For example, eligibility levels in Northern Virginia are higher, reflecting the very high median income in that area.

Washington raised eligibility levels to 175 percent of the federal poverty level. Also, the state will now determine eligibility based on modified net income instead of gross income. In addition, the state expanded its job search child care to include those who are receiving unemployment insurance and have incomes at or below 175 percent of the federal poverty level. This expansion includes paying job search child care for TANF applicants.

Wisconsin expanded eligibility during the summer of 1998 and implemented a new policy for children in foster care and court-ordered kinship care. Income eligibility is based on the biological parent's income with the gross eligibility limit not to exceed 200 percent of the federal poverty level. Co-payment responsibility for eligible foster and kinship care children is set at the lowest level. Also, in order to address the underutilization of the guarantee for child care assistance, the state is launching an outreach effort to promote the availability of the subsidy programs. "Wisconsin Shares — Child Care Help When it Counts" will target working parents and will include paid radio public service announcements (PSAs), posters, and brochures highlighting the fact that assistance is available.

Wyoming increased eligibility from 120 percent to 133 percent of the federal poverty level.

State Subsidy Payment Rates

State payment rates for child care greatly affect the ability of parents to choose good quality care. Low reimbursement rates for child care mean that good quality, affordable child care is beyond parents' reach. In many states, child care subsidy rates are so low that many providers are unwilling to accept children who have subsidies, or they limit the number of children with subsidies they are willing to accept. Some providers will only take subsidies if parents pay them an additional fee on top of the co-payments parents are already required to pay. If rates are not regularly increased and do not reflect the market, parents not only have a very limited choice of providers, but the providers themselves are forced to make significant sacrifices if they want to help low-income children.

In 1998, at least 24 states responded to this serious gap by *increasing* payment rates, including **Arizona, Arkansas, Delaware, District of Columbia, Florida, Illinois, Indiana, Kansas, Massachusetts, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, Ohio, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Washington, West Virginia,** and **Wisconsin.**

In addition, at least 14 states implemented new differential rates to encourage certain types of care — such as accredited or higher quality care and odd-hour care. At least seven of these states implemented higher rates for higher quality or accredited care, including **Florida, Missouri, Nebraska, New Jersey, Oklahoma, Utah,** and **West Virginia.** At least eight states implemented higher rates for odd-hour care, including **District of Columbia, Illinois, Kentucky, Missouri, Montana, Ohio, Washington,** and **West Virginia.**

Conducting regular market rate surveys and adjusting rates accordingly are important to make sure that child care rates do not become outdated. If rates do not keep up with labor and market costs, then providers will be forced to cut corners in ways that lower the quality of care for children. Low rates can force providers to lay off staff, forgo staff training, or reduce salaries or benefits. They also make it impossible to offer enriched services. Physical conditions can easily deteriorate. Equipment and supplies such as toys and books that help children learn are difficult or impossible to afford. Providers who serve a high concentration of children with subsidies may actually be unable to continue to operate if rates fall below the real cost of providing care.

Although required by federal law to update the state survey of market rates, only 20 states reported that there are plans to update the state payments accordingly, including **Alabama, Delaware, District of Columbia, Florida, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Nebraska, Nevada, North Carolina, Ohio, Rhode Island, South Carolina, South Dakota,** and **Tennessee.**

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State Actions in 1998

Arizona raised rates from the 75th percentile of the 1989 market rate to the 50th percentile of the 1996 market rate.

Arkansas raised rates to reflect the new market rate survey.

Delaware raised rates for its most populous county (New Castle County) to the 75th percentile of the market rate.

The District of Columbia raised rates twice in 1998. For child care centers, rates were increased to $31.10. For family child care, rates were increased to $22. In addition, higher rates were set for evening and weekend care. (See the Quality and Supply: Odd-Hour Care section for more details).

Florida will implement a 20 percent increase in rates for Gold Seal accredited programs.

Illinois allocated approximately $19 million to raise the subsidy rates for the final six months of the state's fiscal year. On a yearly basis, the increased subsidy rates will cost an additional $39 million. The new rates will represent as much as a 46 percent increase for some providers. In addition, the state enhanced rates for contracted programs providing odd-hour care.

Indiana raised subsidy rates for licensed centers and family child care homes.

Kansas increased reimbursement rates for infants and toddlers in January 1998 to 75 percent of the market rate.

Kentucky raised rates for odd-hour care. (See the Quality and Supply: Odd-Hour Care section for more details).

Massachusetts implemented a new system of regional rate ceilings that will raise rates in some areas. The state also raised rates for infant and toddler care and family child care systems.

Mississippi raised payment rates by $5 per week for full-time licensed centers.

Missouri increased the differential rate for infant, odd-hour, and higher quality child care. In addition, 10 percent of the $21 million Missouri Early Care and Education Fund will be targeted to increasing rates for accredited programs.

Montana raised rates to stay at the 75th percentile and changed from statewide to regional rates to try to reflect local costs.

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Nebraska reimburses nationally accredited programs at the 90th percentile of the market rate. Accredited family child care rates increased to $20 a day for infants and to $18 a day for all other children. Accredited center care rates increased to $26 a day for infants and to $24 a day for all other children, effective September 1, 1998.

New Hampshire raised rates by 10 percent.

New Jersey raised rates by 10 percent for all programs and instituted an additional 5 percent differential rate for accredited centers.

North Carolina conducted a market rate study but did not raise rates accordingly.

Ohio raised rates as much as 20 percent pursuant to their new market rate survey. In addition, the state enhanced rates for odd-hour care. (See the Quality and Supply: Odd-Hour Care section for more details).

Oklahoma implemented a differential rate for higher quality care.

Oregon raised rates by 3 percent.

Pennsylvania earmarked funds in the budget to increase payment rates.

Rhode Island accelerated its planned rate increase to the 75th percentile of the market rate. Under "Starting Right," increases planned for January 2000 will be implemented by July 1, 1999. In addition, child care providers will receive an additional rate increase averaging 33 percent on January 1, 2000. The market rate will be conducted biannually, and rates will be adjusted to the 75th percentile accordingly.

South Dakota raised rates for infant and toddler care. In addition, the state decided to provide reimbursement for sick days and vacation days for up to nine hours per week and 36 hours a month.

Tennessee raised reimbursement rates for children under 2-years-old from $71 to $80 per week and raised rates for children older than 2 years from $65 to $72 per week.

Utah raised its reimbursement rates across the board and instituted a tiered rate of reimbursement depending on accreditation.

Washington increased rates by 5 percent across the board to approximately the 70th percentile of the 1996 market survey. Providers will receive a full-day reimbursement for five hours of care instead of the current six hours. In addition, a higher rate was instituted for providers caring for children during nonstandard hours and providers caring for infants receiving child care subsidies will receive a $250 bonus for each infant in their care.

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West Virginia raised rates by $3 per day for center care and $1 per day for family child care and school-age care programs, and $1.50 for family group care. In addition, the state implemented a higher rate ($1 per day) for accredited care and an additional $1 per day for children who need care during nontraditional work hours and odd-hour care.

Wisconsin raised rates to the 75th percentile of the 1998 market rate survey.

Parent Subsidy Co-Payments

Most states use a sliding fee scale system that requires parents to make co-payments based on their income. The policy decision regarding the size of parent co-payments is critical as it directly affects whether state child care assistance is helping make care affordable for families. Experts recommend that low-income families should not have to pay more than 10 percent of their income for child care, with the poorest families paying nothing or only very small fees. Yet in some states, even families who receive help in paying for child care faced with such high parent fees that their child care costs are prohibitive.

In 1998, at least 11 states *decreased parent co-payments* for at least some categories of families including **Idaho, Illinois, Kentucky, Louisiana, Montana, New Mexico, Oklahoma, Oregon, South Dakota, Wisconsin, and Wyoming.**

On the other hand, at least three states *increased parent co-payments* for some categories of families. **Pennsylvania** increased parent co-payment levels across the board. **Montana** raised fees only for families at the upper end of the eligibility scale. **Minnesota** implemented a provision that prohibits decreasing co-payments due to an increase in family size.

State Actions in 1998

Idaho implemented a new sliding fee scale that lowers co-payments for most families at the higher end of the income scale. Previous co-payment levels were as high as 99 percent of the cost of care. New levels start at 1 percent of the cost of care and end at 60 percent of the cost of care.

Illinois parents will have lower co-payments because the new disregard of 10 percent of a family's earned income adjusts their position on the fee scale.

Kentucky eliminated co-payments for any family with an income under $700 per month.

Louisiana eliminated the co-payment for families with incomes at or below the federal poverty level.

Minnesota prohibits decreasing co-payments for families who add more members. Previously, when a family had an additional child, child co-payments levels went down slightly (taking into consideration the added pressures on the family). Now co-payment levels are held constant by disregarding the increase in family size until incomes increase to the point that the co-payment under the new family size would increase.

Montana lowered co-payments at the entry level and raised co-payments for parents on the higher end of the income scale in an effort to ease them into the transition of paying the full cost of child care when they are no longer eligible for assistance.

New Mexico lowered parent co-payments. New co-payments range from 2 percent to 8 percent of gross income.

Oklahoma lowered co-payments for all families. Also, families whose gross income is no more than 75 percent of the 1997 poverty level for a family of three will have no co-payment.

Oregon retained the exemption of co-payments for TANF families and lowered co-payments for families participating in the Employment Related Day Care program with income less than 120 percent of the federal poverty level to be not greater than 10 percent of their income.

Pennsylvania implemented a new sliding fee scale that increased co-payments across the board. Co-payments will increase and will go as high as 14.5 percent of income.

South Dakota decreased co-payments for lower income families. Co-payments are no longer based on a percentage of the cost of care. Instead, there is a flat fee which allows families greater access to all types of child care. Parental fees now remain constant and do not fluctuate with the cost of care. Since this new policy, the number of families choosing regulated child care has increased from 75 to 82 percent.

Texas delegated the power to set co-payment levels to the local management boards. The local boards can raise them up to 15 percent.

West Virginia implemented a new sliding fee scale that slightly increases client co-payments, establishes a minimum fee of $.25 per day for everyone, and ensures that no one pays more than 10 percent of their monthly gross income as a fee.

Wisconsin lowered parent co-payments for teen parents. Fees are based on the teen parent's income and range from $3 to $5 per week. The state also lowered parent co-payments for "kinship" care. Related, yet not legally responsible individuals, who care for children are now charged the same rates as teen parents — $3 to $5 per week.

Wyoming decreased most parent co-payments.

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Child Care Tax Credits

Tax credits can provide important help to make child care more affordable for families. However, if the credits are not refundable, policy makers must realize that they will not be accessible to low-income families who may have no tax liability. Even with a refund, a reimbursement is only available in one lump sum at the end of the year, making it less helpful than direct child care assistance to families on tight budgets who must pay their child care provider weekly or monthly.

State Actions in 1998

Colorado enacted both a child tax credit and a child care tax credit for families whose federal adjusted gross income is $60,000 or less. An additional $400 state child tax credit will be available to families claiming the *federal* child tax credit for children age 5 or younger. In addition, any families who claim a credit for child care expenses on their federal income tax return can claim an additional state child care credit equal to 50 percent of the amount of the expense claimed on the federal income tax return minus the state child tax credit. The credit is funded from the state's budget surplus and is in jeopardy of being ended when the surplus disappears.

Maryland expanded its state Earned Income Credit by making it refundable for the first time. When fully phased in after four years, the Maryland Earned Income Credit will be refundable at 15 percent of the federal Earned Income Credit. A partnership of over 100 state and community-based organizations, businesses, and government agencies advocated for this legislation.

New York state's FY 1998-99 budget included $50 million to enhance the Child Care Tax Credit to provide additional tax relief. The enhanced credit begins with the 1999 tax year. The income threshold would be increased to allow taxpayers with incomes of $35,000 or less to receive a credit equal to 100 percent of the federal credit. The credit would be phased down to 20 percent of the federal credit for incomes between $35,000 and $50,000.

Nebraska enacted legislation that enhances the Child Care Tax Credit for families effective January 1, 1998, for the 1998 tax year. The new legislation provides a refundable tax credit for families whose adjusted gross income is at or below $21,500; these families receive 100 percent of the calculated federal tax credit. It also provides a nonrefundable tax credit equal to 25 percent of the federal credit if the family's adjusted gross income is greater than $28,500. Families whose adjusted gross income is between $21,500 and $28,500 receive a refundable tax credit of 10 percent for each $1,000 over $21,500 up to $28,500.

Efforts to Improve Quality and Supply: General

Significant problems in the quality of child care, along with shortages of particular types of care, have been well documented. Major studies have found that many American children, both in child care centers and in family child care homes, are in poor quality care. Yet research shows that good quality child care protects children's health and safety and prepares them to enter school ready to succeed.

States invested in a variety of new quality and supply activities in 1998. At least nine states *expanded the child care resource and referral system* in their states, including **California, Georgia, Kansas, Maryland, Michigan, Nevada, Oklahoma, Pennsylvania,** and **Washington.** At least five states *initiated new public awareness campaigns*, including **Indiana, Montana, Nebraska, North Dakota,** and **Washington.** At least four states *created new loan funds to support improvements in child care quality and supply*, including **Minnesota, New Jersey, Rhode Island,** and **Washington.** At least 12 states *expanded targeted efforts to improve the quality and supply of family child care*, including **Alaska, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Iowa, Michigan, Oregon, South Carolina,** and **Washington.** As mentioned in the State Subsidy Payment Rate section, at least seven states implemented or increased differential rates for providers offering higher quality or accredited care, including **Florida, Missouri, Nebraska, New Jersey, Oklahoma, Utah,** and **West Virginia.**

In addition, several states moved forward in the area of staff compensation and training. The most important factor affecting the quality of child care is the staff working with the children. In the past, states have typically focused scant attention on strategies to increase caregiver salaries and compensation to reduce turnover. However, **North Carolina** has pioneered efforts in this area with the development of the TEACH Early Childhood® project, which rewards staff who increase their education with higher salaries or bonuses. A number of states have begun their own TEACH or TEACH-like efforts. In 1998, there was a notable expansion in this area as at least nine states established or expanded initiatives based on the TEACH model, either by becoming licensed to replicate TEACH, or by developing TEACH-like strategies, including **Alaska, Colorado, Florida, Georgia, Idaho, Indiana, Pennsylvania, Rhode Island,** and **Wisconsin. Rhode Island** now offers a model for other states with its equally creative efforts to provide health insurance to family and center-based child care providers and their children.

State Actions in 1998

Alaska offered $1,500 training incentive grants to providers.

California increased state funding for resource and referral programs by $4 million. Also in the legislation to implement California's welfare reform program (CalWORKS), $16 million was set aside for capacity building for the Department of Education and the Department of Social Services. The Department of Education is required to take steps to increase the capacity of the child care system, including but not limited to: technical assistance and outreach to new providers and those providing care during nontraditional hours, infant care, and care to children with special needs. Governor Pete Wilson vetoed the use of $5 million for a California C.A.R.E.S. pilot project that would have provided stipends to child care providers who receive additional training and also made a commitment to providing child care services for a specified period of time. The bill also included a pilot program to provide additional support to child care programs committed to improving quality by providing differential reimbursement rates and quality improvement rewards to assist programs in achieving accreditation and improving staff retention. This legislation is being reintroduced in the 1999 legislative session.

Colorado increased the percentage of CCDBG funding earmarked for quality from 4 percent to 10 percent. The state has also invested a portion of the quality and supply set-aside in TEACH scholarships.

Connecticut began a large scale training effort as the first project of its new Early Childhood Resource and Training Academy, a public-private venture. Using contractors, 1,000 child care resource providers, mostly from family child care, were given 15 hours of core training. These providers will continue with 30 more hours of training until the full 180 hours of Child Development Associate (CDA) training is achieved. Each year a new group of 1,000 providers is projected to participate. The cost to trainers is minimal. The state also replicated a successful accreditation facilitation project that had operated in one area of the state. Five such projects now cover the state to help providers to become accredited. The projects have concentrated on center-based care, but family child care providers are being added. In addition, the existing employer tax credit program was reorganized and folded into a new program called the Human Capital Investment Credit Account. Employers are now eligible for tax credits for child care facilities, child care subsidies for employees, work-education programs, and donations to institutions of higher learning.

Delaware funded efforts to increase the supply and quality of care in areas in which there were shortages, such as infant and toddler care, care for children with disabilities, school-age care, and care during nontraditional hours. The family child care portion of this project provides grants ranging from $500 to $5,000 per program to be used for training, supplies, and/or equipment. In addition, the state offered a variety of supports to all providers including technical assistance to help in the development of their programs; specialized training in infant/toddler care, disability awareness, and business management; materials and information through local resource centers and mobile resource vans; peer mentoring; and periodic site visits.

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The District of Columbia increased funding for quality and supply initiatives, including an additional $1 million for school-age care, an additional $800,000 for infant/toddler care, and an additional $5 million for equipment and materials. The city expanded its staffing to include a staff person to support accreditation efforts for family child care and school-age care. Also, the city launched several new efforts, including: a comprehensive career development system; a program to recruit and train family home providers; and a continuing education requirement for relative and in-home providers. In addition, the Institute for Early Childhood Leadership was founded at the University of the District of Columbia.

Florida increased quality funds overall and increased investments in TEACH ($2 million) and Caring for Kids, an outreach and training effort targeted at family child care providers ($4.5 million).

Georgia expanded investments in the TEACH program, resource and referral networks, outreach to informal providers, and outreach to non-English-speaking populations.

Illinois increased quality and supply funding by $41 million. The state will use a portion of the funds to expand contracted child care slots, family child care networks, and quality enhancement grants.

Idaho appropriated funding to implement a TEACH-like program.

Indiana increased the CCDBG quality set-aside to 8 percent instead of the 4 percent required by federal law. The state used a portion of the set-aside to double funding for the Child Care Financing Symposium Initiative from $3 million to $6 million. The initiative supports local efforts in all 92 counties to raise public awareness of local child care needs, build public–private partnerships for child care, expand the supply of high-quality child care, increase the number of credentialed child care providers, and reduce the high turnover among child care professionals. Funding for the project is funneled through the county Step Ahead Councils, which serve as a single point of entry at the local level for services for children and families. The Child Care Financing Symposium Initiative has achieved important improvements for child care in Indiana including increased media coverage; improved relationships with the business community; successful public awareness activities; over 3,500 new licensed child care slots; CDA credentialing in process for over 2,000 providers; and an estimated decrease in staff turnover. The initiative was cited in 1998 as a best practice model by several national organizations. The state has also expanded its Education Collaboration, which now offers college credit CDA courses statewide and, in conjunction with the Child Care Fund, launched a new scholarship program based on the TEACH model. In addition, the state launched the Building Bright Beginnings public education campaign. (See the Quality and Supply: Care for Infants and Toddlers section for details.)

Iowa has hired six family child care home consultants who work through the resource and referral agencies to improve the quality of family child care.

Kansas has increased funding for resource and referral services to cover all 105 counties in the state. Also, in tandem with the new Early Head Start initiative, Kansas is implementing a new statewide training system to assist teachers in reaching their (CDA) credential within one year. The first year, training will be limited to providers doing Early Head Start. As time goes on, training will be opened to any child care provider in the state. Statewide institutes will offer 140 hours of training (the CDA requires 120 hours) three times a year. There will be three tracks — one for Head Start direct service staff, one for child care providers, and one for Head Start directors. In addition, Kansas has the Early Care and Education Professional Development Initiative which includes state agencies, advocates, parents, education institutions, and providers. These groups are coordinating to develop a statewide system to improve the quality of early care and education services. The focus of this initiative is the development of core competencies; a career lattice; and a system to award College Equivalency Units (CEUs) for training.

Maryland increased funding for resource and referral centers to cover the entire state. In addition, the Family Day Care Provider Grant Fund received $50,000, the Child Care Provider Scholarship Program received $100,000, and $1 million was appropriated for the Child Care Facilities Direct Loan Fund. The state is also developing a two-year, collaborative professional training program for Head Start teachers and child care providers, known as the Maryland Model for School Readiness (MMSR). It uses a systematic professional training "core of knowledge" for developmentally appropriate best practices with three levels of credentialing: "Experienced," "Advanced," and "Senior." MMSR is available to 50 selected child care providers, Head Start teachers, and administrators. Besides training, the program provides technical assistance, an oversight committee and one full-time specialist to ensure completion. The project is supported by the Maryland Committee for Children, the Maryland Head Start Association, Villa Julie College, and the Maryland Department of Education.

Michigan more than doubled its funding for quality. Funds were used to support child care provider training and scholarships for credentialing and accreditation. The state also initiated two new programs to improve the supply of quality child care in the state. The first program, EQUIP (Enhanced Quality Improvement Project), originated within the Family Independence Agency. Grants of up to $5,000 were made available to regulated child care providers (centers and homes) to improve the quality of their programs. In order to apply, programs had to prove that 25 percent of the children in care were supported with Family Independence Agency child care subsidies and the program was licensed. Grants were given for everything from equipment to minor remodeling. Preference for grants was given to efforts targeted at increasing spaces for infants and toddler care, care for children with special needs, and odd-hour care. A total of 143 child care providers received grants. The program was so popular the

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legislature increased the funding for FY 1999. In addition, the legislature provided $225,000 to support "incentive grants" of $150 for every aide or relative provider who completed 15 hours of approved training. A total of 803 individuals took advantage of the incentive. This program was the first attempt to involve in-home aides and relative providers (not licensed) in child care provider training.

Minnesota allocated $5 million for a project to offer loans to renovate or construct early childhood facilities. The project gives priority to efforts that are a collaboration between child care and Head Start.

Mississippi has launched a new state training program for child care center directors. The program offers a comprehensive curriculum, including early childhood development and child care management. This program was recognized as a "best practice" model by the National Governors' Association in the summer of 1998.

Montana has launched a public education campaign, "The First Years Last Forever," which is linked to the national "I Am Your Child" initiative.

Nebraska launched a public engagement campaign that focuses on the urgency to provide higher quality care and education for young children as an investment in their optimal development and in the future of Nebraska's workforce and citizens. Outcomes and the intended audience for the campaign have been identified. Partners include: the state level child care and early education committee, early intervention advisory committee, Head Start Collaboration Team, and Good Beginnings, Nebraska Head Start Association, Cooperative Extension, Voices for Children, Nebraska Association for the Education of Young Children, and the Nebraska Family Child Care Association. The state also hired two health educators to work with licensed child care homes and centers to improve compliance with immunization reporting regulations and address other health-related issues. Their work focused on the rural areas of the state, while two urban county health departments carried out similar activities in Omaha and Lincoln.

New Jersey initiated a short-term scholarship program for certificate candidates during 1998 while the state was in the process of implementing the New Jersey Center for Professional Development for Early Care and Education. The center is now in operation and provides the following services: 1) The Office of Professional Standards and Articulation is working toward consistency and coordination of standards for early care and education, facilitating articulation among providers of credit and noncredit instruction, and defining a career lattice for practitioners; 2) The Office of Resource Development and Communication is gathering people, materials, and funding to develop and maintain the system, and work toward linking increased compensation with professional development; 3) The Clearinghouse of Professional Development Resources provides scholarships for CDA, CCP, associate and bachelor degrees in Early Childhood Education, is developing a personnel registry, providing accreditation assistance, developing a directory of instructional resources to improve access to, and providing a means of recording continuing education. In addition, the state appropriated $1 million to establish a Revolving Loan Program for child care facility expansion. Funds may be used to finance and/or guarantee low-interest, short- and long-term loans to support renovation costs associated with creating new or expanding existing licensed child care centers. The program has leveraged, three to one, private/public dollars for investment in this initiative. The programs will potentially be self-supporting, as loans are repaid. The "loan fund" is administered jointly by the Economic Development Authority and Department of Human Services.

Nevada increased funding for resource and referral services and established scholarships for continuing and higher education for child care workers.

North Dakota allocated additional funds to enhance the "Healthy Child Care America" project. Funding was used to double the hours of the nurse consultants in the resource and referral programs. The state also enhanced its consumer education effort (including PSAs and resource and referral commercials) and expanded its mentoring project.

Oklahoma increased funding for resource and referral to add three new resource and referral centers for a total of nine that now cover the entire state. Also, a network office for the resource and referral was created.

Oregon implemented a new family child care mentoring project and increased funding for child care resource and referral agencies providing enhanced services (including consumer education, maintaining providers, provider education, etc.) by 50 percent.

Pennsylvania has combined $500,000 in state funding, $300,000 in private funding from the Child Care Matters initiative in Philadelphia, and $45,000 from the American Business Initiative to implement a pilot TEACH program in every region of the state. The state also created a network of resource and referral agencies, which is called "Child Care Resource Developers." In addition, $4.5 million was made available for capacity-building grants and $3.1 million for local quality initiatives.

Rhode Island increased funding for start-up grants to expand care in low-supply areas and to expand infant/toddler care and care for parents with nontraditional or irregular work hours. The state also extended the state's own medical and dental insurance plan under Rite Aid to employees of licensed child care center providers and the provider's children (family child care providers were included last year). To participate in this program, family child care providers need to have received $1,800 in subsidy reimbursements from the Department of Human Services within six months preceding a request for coverage. For a center to participate, it will need at least half of its total enrollment to receive subsidies by January 1999. By July 2000, centers with 30 percent of the children receiving subsidies will qualify. Centers will pay half of the monthly premium. The state is also investing in scholarships and incentives for providers based on the TEACH model. In addition, the state appropriated $10 million for low-interest loans to help expand and improve child care facilities, including child care in workplaces and large apartment complexes. In addition, the state allocated $8.5 million for training and scholarships for child care staff to help increase care quality and the stability and expertise of the child care workforce.

South Carolina implemented three pilot grants to assess the status of the ABC self-arranged (informal care) care in the state and to provide technical assistance to these providers. The purpose of the technical assistance grants is to enhance the quality of child care services by providing a voluntary on-site contact with nonregulated non-relative providers participating in the ABC Child Care Program. Those providers serving children from birth to 3 years of age receive top priority for assistance. The state also provided program quality improvement grants to providers who had been in the ABC Child Care Program since 1994 or earlier. In addition, in order to support and enable providers to comply with the qualifications for center director, a pilot program with a local college was initiated to provide 30 scholarships for Level 2 directors (Level 2 providers voluntarily agree to meet ABC Child Care Standards that are above state regulatory standards). These scholarships enable the directors to obtain the national CDA credential through on-site observation, mentoring, formal classroom training, and assistance with student's resource file. The state's 16 technical colleges also made a commitment to improving the quality of training opportunities by extending the discounted rate for training to all child caregivers statewide for the ABC credential training.

South Dakota expanded its CDA project to include Family and Consumer Science teachers at 14 schools providing training to students. There are also 31 post-secondary CDA trainers located across the state. In addition, the state awarded 474 grants totaling $766,649 to assist child care providers in meeting current health and safety standards and to improve the overall quality of child care across the state. The majority of funding has been used for minor repairs, installation of fire safety devices, egress windows, and fences. Other items included infant and toddler equipment, outdoor playsets, and resource materials to enhance the quality of child care programs. Grants were awarded to 51 counties and directly affect more than 10,720 children. The average award was $1,606. Since this new policy, the state also expanded its Early Childhood Enrichment centers (ECEs) staff, training, and technical assistance capacities; increased presence of trainers and child care opportunities on Indian reservations; and held various statewide and regional training conferences. To help make more affordable child care facilities available to small communities, Governor Janklow directed that facilities built by incarcerated inmates be marketed as an affordable alternative for communities desiring to establish smaller child care programs serving 20 or fewer children. Currently, four child care facilities have been constructed and permanently placed in communities with populations less than 5,000. These homes were initially designed as affordable homes for individuals with disabilities and senior citizens and have been made larger to accommodate the child care option.

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Vermont, through a combination of CCDBG and Carnegie Foundation funds, has developed a statewide system of child care networks that bring together family child care providers, center-based providers, staff from Head Start, and staff from school-based preschool programs to share resources and expertise and to serve as a support network to each other. The state also expanded its quality incentive bonus from 5 percent to 15 percent.

Washington expanded support for a variety of efforts to improve quality and supply. The state expanded funding for quality enhancement grants, as well as provider scholarships. The state also doubled the funding level for resource and referral services to expand coverage to all areas of the state and enhance the level of service every resource and referral network is able to offer to the public, including: nonstandard hour phone service; outreach to American Indian tribal communities; coordination with local welfare offices to better serve both welfare and non-TANF subsidy families; and more support for the local child care resource and referral networks, child care provider training and technical assistance components. In addition, $1 million in unexpended TANF funds were reinvested to offer micro-loans to child care providers to help improve the quality and supply of child care. The state has also significantly expanded the Washington STARS, a career development system for early childhood and youth care. Progress in 1998 included the adoption of rules requiring basic and annual training for child care staff; expanded scholarships; specialized training curriculum for family child care; and the selection of a statewide stakeholders group to offer policy guidelines and expertise to the STARS program. Basic family child care training (using the MERVYN'S Family to Family model) was expanded to cover every community in the state through the child care resource and referral network. In addition, the state initiated a program called "TANF 250," which is training 250 TANF recipients to be child care providers or child care center teachers. The intent of the program is to create a greater supply of quality family child care, as well as offer training and employment prospects to motivated TANF recipients. Participants in the program are also receiving support groups, mentoring, supervised work experience, home visits, start-up costs, etc. Also, the governor included "Health and Safety in Child Care" as one of six priority areas in his health initiative.

Wisconsin's Early Childhood Collaborating Partners completed a survey of early childhood university and technical college faculty. The survey provided a comprehensive list of early childhood pre service programs and examples of articulation efforts that currently exist. An articulation seminar in September 1998 focused on early childhood pre service articulation. The results of the articulation survey were shared, articulation efforts were highlighted, and plans were made to further articulation efforts in the state. In addition, Wisconsin made new investments in a training, scholarship, and compensation initiative (based on the TEACH model) for providers of infant and toddler care.

Quality and Supply: Care for Infants and Toddlers

The care children receive in the earliest years of life has a sizable impact on their future growth and development. Yet, as a nation, we focus few resources on these early years. With more than half of mothers with children under age 3 working outside the home, families continue to face especially daunting obstacles to finding safe and supportive child care for very young children. Both the supply and the quality of care have been found wanting. A 1995 Urban Institute study of child care found shortages of infant care in the majority of the cities examined. The *Cost, Quality, and Child Outcomes* study revealed that 40 percent of the rooms serving infants and toddlers in child area centers provided such poor care as to jeopardize children's health, safety, and development.

In 1998, states took advantage of a new $50 million set-aside on the CCDBG to fund new initiatives to support infant and toddler care. Two states — **Kansas** and **Oklahoma** — took an interesting new approach to improving care for infants and toddlers and invested in Early Head Start initiatives to support high-quality services for infants and toddlers. Given the growing awareness of the importance of the early years, it is surprising how few states made a substantial effort to improve child care options for this age group.

State Actions in 1998

California voters approved a new initiative that generates approximately $750 million per year by raising the state cigarette tax by 50 cents per pack. The new funding will be earmarked for programs that benefit children from birth to age 5, including healthy parenting education, child health services, affordable high-quality child care, development and distribution of educational materials for early childhood development, and research focusing on developing the best practices for early childhood development and education. (See the Bringing Communities Together for Children section for more details.) In addition, the state allocated an additional $10 million to expand infant and toddler care for working poor families. This investment will grow to $20 million when annualized.

Connecticut funded 280 new infant and toddler slots through state-supported centers.

The District of Columbia established an infant/toddler expansion grant and a training program for infant/toddler providers (partly paid for by IBM). Also, the World Bank is a partner in building three new high school child care centers for teen parents (in addition to the four that already exist).

Indiana launched the Building Bright Beginnings campaign. The campaign focuses on increased access to health care, quality child care and early education, parent responsibility, and community mobilization. The campaign has initiated the first state Early Childhood Agenda, including establishing an Institute on Early Childhood Development Professional Development Scholarship Program, Facility Financing Loan Fund, and Community Mobilization Grant Program to address the goals of the campaign. In addition, since February 1998, 107,000 new mothers were given a "Building Bright Beginnings" developmental calendar as they left the hospital after delivering of their infants. The calendars are now being used as teaching tools at adoption agencies, Head Start programs, child care sites, and offices of family practitioners and pediatricians.

Iowa allocated $9 million to help local communities meet the needs of children from birth to age 5 and families. (See the Bringing Communities Together for Children section for more details.)

Kansas transferred $5 million from the TANF block grant to launch a state Early Head Start initiative. The project's goals are to improve the quality of child care for all infants and toddlers, increase the number of slots for infants and toddlers, and provide comprehensive services for families. The new program represents a partnership between federal, regional, and state child care and Head Start agencies. Programs must meet both child care subsidy criteria and Early Head Start performance standards. They must also show evidence of collaborating in communities with Part C, Special Education, Healthy Start, and Parents as Teachers programs. Eligible families must be employed or if they are TANF recipients, enrolled in employment and training programs. A task force is working to address issues related to the availability of infant and toddler care.

Massachusetts increased infant and toddler rate ceilings, added new contracted child care slots, provided start-up funding of $1 million for new contracted child care slots, and convened an interagency infant/toddler summit to explore gaps in infant and toddler services and recommend solutions.

New Jersey provided grants in the amount of $4.6 million to increase availability of infant/toddler spaces statewide in the past year. The state also created a Healthy Child Care America initiative that is being piloted in eight counties. Health consultants are placed in child care resource and referral agencies to provide consultation, training and technical assistance to infant/toddler providers and are linking providers with health care services. The state is instituting a "Warm Line" for child care providers to call with child health-related questions. The First Steps training project provides a three-day, on-site training, technical assistance, and consultation services to infant/toddler center providers who are looking to improve their program operations. Providers may be self-referred or referred by the Bureau of Licensing.

North Dakota has a public–private infant and toddler partnership with the Bush Foundation. The program began with a planning grant in 1992, and more grants followed. A tri state (with **Minnesota** and **South Dakota**) training project brought the trainers from the Research and Education laboratory to help train North Dakota child care trainers and providers. The state is using infant and toddler set-aside funds to match Bush Foundation funds to support the project. A consultant helps to implement what providers have learned through the Laboratory and other projects. When family care providers allow consultants into their homes, they become eligible for mini-grants for infant and toddler care as part of the state's comprehensive recruitment and retention program.

Oklahoma increased its funding for "First Start" by transferring $5 million from TANF. First Start programs serve children from birth to age 3 and meet Head Start Performance Standards and the NAEYC Accreditation Guidelines.

Pennsylvania is distributing seed money targeted to expand child care for infant and toddlers and odd-hour care based on a local community needs assessment.

South Dakota used a $2.1 million grant from the Bush Foundation to train 97 trainers in the WestEd curriculum for infants and toddlers. Scattered throughout the state, the trainers are obligated to conduct 40 hours of provider training in their own locales. The Bush grant, combined with CCDBG funding, has created trainer positions specific to infant/toddler issues across the state and in the eight American Indian reservation areas. The WestEd Infant/Toddler curriculum has been integrated into CDA training throughout all programs. In addition, all licensing/development workers have taken the WestEd training to apply with projects initiated through the child care community development efforts. Also, with Bush Foundation funding a special training incentive program has been implemented to encourage caregivers to participate in infant/toddler training. Regulated caregivers who complete 20 hours of infant/toddler training are eligible to apply for mini-grants of up to $200. Larger facilities are eligible for $200 per staff with maximum grants of $1,000 per facility. Mini-grants can be used for the purchase of infant/toddler-specific resource materials or to assist in staff reimbursements for training attendance.

Vermont developed contracts with Early Head Start, licensed child care centers, and family child care homes for infant/toddler programs.

Washington launched a multi-part infant/toddler initiative that includes funding to support: 1) public health officers to provide outreach and technical assistance to child care providers caring for infants and toddlers; 2) infant/toddler care start-up and expansion grants; 3) training for anyone in contact with young children (including parents, caregivers, health professionals, foster parents, welfare workers, doctors, school professionals, etc.) about the new brain development research and its practical implications; 4) a public awareness campaign about the brain research; 5) scholarships for child care providers seeking infant/toddler related training through WA STARS; and 6) a $250 bonus for all providers serving infants receiving subsidy assistance. The $250 bonus is for each infant in the provider's care for more than five days.

West Virginia is developing an intensive training program for infant and toddler training and will offer increased reimbursement rates for children whose providers have received this training on an ongoing basis. The state spent $2.1 million dollars in carryover CCDBG funds to improve the quality and availability of early childhood programs in grants of $5,000 to $10,000 per program in an effort that assisted two-thirds of the state's child care centers.

Quality and Supply: School-Age Care

Seventy-four percent of mothers of school-age children are in the labor force. It is clear that if children are to succeed in school and remain safe, supportive before- and after-school opportunities are essential. Research has consistently demonstrated that constructive activities for school-age children can help children's development, safety, and school performance.

In 1998, several states took steps to create more after-school options for both younger children and adolescents. A number of states noted that they are starting to address issues related to standards, accreditation, and credentialing for school-age programs.

State Actions in 1998

California passed the After-School Learning and Safe Neighborhoods Partnerships Program. It allocates $50 million annually for three-year grants to fund local after-school enrichment programs. The program targets students in kindergarten through ninth grade, giving funding priority to schools with at least 70 percent of the student body eligible for free or reduced-cost school lunch. There will be no parent fees for this program. Applicants may include local education agencies (LEAs), cities, counties, or nonprofit organizations in partnerships with, or with the approval of, an LEA and must operate on school sites. The legislation requires a collaborative planning process that involves parents, youths, and representatives of participating school sites, government agencies, community organizations, and the private sector. Programs must include an education and an enrichment component. The educational/literacy components provide tutoring or homework assistance. The enrichment component may include recreation and prevention activities such as art, music, sports, work preparation activities, teen pregnancy and substance abuse prevention services, gang awareness activities, instruction in conflict resolution, and community service learning.

Florida enacted legislation to authorize the development of school-age child care standards and began implementing them.

Georgia launched a new $10 million state-funded initiative to support after-school reading programs for fourth- to eighth-graders. Called "Georgia's Reading Challenge," the program is operated by the Department of Education. Public and private programs can apply, provided they have 20 to 60 students.

Idaho invested quality improvement dollars to begin five new school-age programs and funded expansion of several more existing programs.

Illinois enacted Teen R.E.A.C.H. (Responsibility, Education, Achievement, Caring and Hope), a $6.1 million grant program to support after-school programs for at-risk youths. The grant focuses on four components: recreational activities, tutoring, mentoring, and a prevention curriculum.

Indiana initiated the Safe Haven program to offer school-age programs in every school district in the state.

Massachusetts passed a $20 million initiative to serve children at risk of failing in school. Funding will be targeted to school system programs and can be used for a variety of activities to raise academic achievement, including after-school programs. In addition, the state budget included $3 million for the Targeted Cities Initiative, a program to serve at-risk 5- to 9-year-olds who live in the most at-risk communities. Mayors have the ability to choose exactly how to spend the money but the focus is on after school. In addition, start-up funding for school-age child care was expanded (more new licenses were given to school-age providers than any other type of child care). "Family Child Care Plus" was created as a new licensing category to increase the availability of after-school care.

New Hampshire changed its licensing requirements for after-school programs. Previously after-school programs on school grounds had to meet child care facility requirements. Now, they must only meet school facility requirements. This change will allow more children in after-school programs to use school playground and equipment facilities.

New Jersey appropriated $3 million in new funding to create and expand school-age child care programs through the Family Friendly Center and School-Age Child Care Initiative. Public schools and community-based organizations worked independently and also collaborated to plan and implement comprehensive programs for school-age children. In addition, the "SACC Collaborating for Program Enhancement Project" funds a single entity in New Jersey to provide statewide services that include training, technical assistance, and supportive services that enhance the quality of programming for school-age children. A key component is to foster collaborations between traditional SACC programs and independent out-of-school-time activities.

New Mexico appropriated $2.4 million in new funding for school-based after-school activities.

New York's FY 1998-99 budget included $500,000 for Advantage Schools, a new model after-school program to be run from 3 p.m. to 7 p.m. during the school year. Funds will be provided to localities and non profit agencies that demonstrate the ability to work collaboratively with schools, child care providers and/or other community-based organizations for after-school programs. The two-year implementation of this new program cost the state $10 million in FY 1999-2000, but it is anticipated to leverage additional federal, local, and philanthropic dollars in support of this new program.

Ohio earmarked a portion of the CCDBG to expand school-age programs in urban schools through a grant to the Ohio Department of Education.

Oklahoma is participating in a regional school-age consortium including **Arkansas, Kansas, Louisiana, Missouri, New Mexico,** and **Texas.** The states have been meeting quarterly and working closely with NSACA (National School-Age Care Alliance) on a variety of topics including public awareness, communication, technical assistance, information and referral, and databases. To date, a resource notebook has been developed for each state to use; a Trainers and Keynote database has been developed, and NSACA has now implemented it on a national basis; a Regional Endorser training for national school-age accreditation was held in Texas with the task force members attending; technical assistance papers have been initiated for school-age affiliate organization and growth; planning has begun for a Leadership Institute to be held in Oklahoma City in the summer of 1999; work has begun on recognition awards for school-age professionals and programs in the region; and a regional recognition system for programs that are nationally accredited is in the planning stages.

Pennsylvania appropriated $1.26 million for expansion and training for before- and after-school programs.

North Carolina was one of the first states to achieve national accreditation for school-age care programs. In 1998, seven school-age child care programs became accredited by the National School-Age Care Alliance.

Rhode Island will expand child care subsidies to cover after-school programs for 13- to 16-year-olds. The state also appropriated new funding to establish an after-school program for middle and junior high school students in high-risk urban school districts. The program, which will be administered by the Department of Elementary and Secondary Education, is designed to provide students an opportunity to engage in athletic, cultural, arts, community service, or academic activities during after school hours.

South Carolina added $500,000 to the annual $3 million grant to the State Department of Education. The purpose of this grant is to meet the needs of working parents by providing before- and after-school care in schools in areas of the state without child care slots or with a limited number of slots.

South Dakota initiated an aggressive grant opportunity to create growth and expansion in Out of School Time (OST) programs, opening to middle schools for the first time. Governor Janklow's challenge to school districts to become rent-free program hosts resulted in 39 applications and 28 programs funded for 1998-99. Twelve of the 28 programs were in middle schools. Slots available through grant money went from 350 to 1,996, a 450 percent increase. Janklow hosted the first annual Governor's Conference on School-Age Care in March 1998 this was followed by a statewide training and technical assistance conference in October hosted by Child Care Services.

Tennessee invested $148,000 to develop and pilot a comprehensive training program for school-age directors and caregivers. This was carried out through Tennessee Early Childhood Training Alliance (TECTA), a consortium of higher education institutions, community agencies, business, industry, and parents. TECTA's purpose is to establish a statewide professional recognition system to support and enhance the quality of early childhood and child care personnel. Instructors were trained and a school-age curriculum divided into discrete modules was piloted in a 30-hour orientation course in six colleges last year.

Vermont established a school-age child care task force, sponsored an annual school-age child care conference, and dedicated CCDBG funds for the start up and expansion of school-age child care programs.

Virginia earmarked $553,000 in the FY 1999 budget to increase the quality and supply of school-age care.

Washington expanded its investment in school-age care.

West Virginia's Board of Education received over $800,000 in FY 1998-99 to support a grant program for child care partnerships to open school-age programs. Sixty-four grants, ranging from $5,000 to $10,000, will be made available to a total of 96 partnerships.

Quality and Supply: Odd-Hour Care

As more families are working shifts, or working during nonstandard work hours, there is an increasing need for child care during odd hours. Thirty-two percent of employees with young children work evenings, nights, rotating, split, and variable shifts, according to the Family and Work Institute's *National Study of the Changing Workforce*. Yet the supply of nontraditional care is minimal, forcing many families to make difficult choices.

The most common approach to supporting odd-hour care was to offer enhanced reimbursement rates for such care. At least six states implemented or raised differential rates to support odd-hour care, including the District of Columbia and Illinois, Missouri, Ohio, Washington, and West Virginia. In addition, at least eight states expanded training and start-up initiatives targeted to odd-hour care providers, including Arkansas, California, District of Columbia, Florida, Idaho, Pennsylvania, Virginia, and Wisconsin.

State Actions in 1998

Arkansas expanded efforts to establish nontraditional care options for TANF clients.

California is targeting odd-hour care as part of a new capacity expansion and technical assistance effort.

The District of Columbia completed a study of odd-hour care availability and found that there are currently only 55 providers of odd-hour care. New rates for odd-hour care were established and will be effective April 1, 1999. Evening rates are set at 10 percent above regular day rates and weekend rates are set at 15 percent above regular day rates. In addition, by waiving new licensing fees, the city is encouraging providers to change their licenses so that they are licensed to provide odd-hour care.

Florida expanded its Caring for Kids initiative, which seeks to increase the number of providers offering odd-hour care, as well as improve the quality and supply of child care. From June 1997 through June 1998, the state has seen a 16.4 percent increase in overnight care, a 4.7 percent increase in evening care, and an 11.4 percent increase in weekend care.

Idaho is using a portion of its CCDBG quality money to train odd-hour care providers.

Illinois is paying enhanced rates for contracted programs providing odd-hour care.

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Missouri increased the differential rate for infant, odd-hour, and higher quality child care.

Pennsylvania is distributing seed money targeted to expand child care for infant and toddlers and odd-hour care based on a local community needs assessment.

Virginia earmarked $996,000 in CCDBG funding to increase the supply of infant/toddler care, as well as evening and weekend care.

Washington approved a proposal to reinvest a portion of its TANF funds for differential rates for odd-hour care. The state will pay the provider's rate for that type of care or the maximum child care rate plus a nonstandard hour bonus – whichever is less.

West Virginia increased reimbursement rates for care offered before 6 a.m. and after 7 p.m. and any time on weekends.

Wisconsin offered start-up and technical assistance grants to support the expansion of odd-hour care.

Licensing or Regulatory Changes

A strong licensing system is essential to ensure children are safe and protected from harm. Unfortunately, most states have standards that do not meet the levels recommended by experts. For example, 39 states and the District of Columbia do not require family child care providers to have any child development training prior to working with children, and 32 do not require prior child development training for teachers in child care centers. Only a handful of states require all family child care providers to be licensed or registered. A number of states exempt family child-care providers caring for one to as many as 12 children from meeting any health and safety standards.

In 1998, at least 11 states *improved licensing and regulatory requirements* for certain types of care, including Alaska, Connecticut, Maine, Nebraska, New Jersey, North Carolina, Oklahoma, South Dakota, Tennessee, Vermont, and Washington. Unfortunately, at least four states *decreased licensing requirements* for certain types of care, including New Hampshire, Texas, Utah, and Virginia.

Equally important to strong licensing laws are an adequate number of trained enforcement staff to ensure that mandated visits are conducted and that providers receive the support and training they need to comply with licensing standards. Yet, some states are so short staffed that they cannot even conduct the required licensing inspections. There was some good news in 1998 as at least 11 states *increased staffing to support licensing enforcement*, including Connecticut, Illinois, Iowa, Massachusetts, Mississippi, Montana, New Jersey, North Carolina, Ohio, Oklahoma, South Carolina, and South Dakota. In addition, Florida, Illinois, Oklahoma, and South Dakota *increased efforts to provide appropriate training for licensing staff.*

In 1998, several states also expanded background checks. While criminal background checks are only one of a series of health and safety checks, they are important as a basic device for screening out potentially inappropriate caregivers. At least seven states *expanded requirements for criminal background checks*, including California, Connecticut, New Jersey, North Carolina, South Dakota, Vermont, and Wisconsin.

State Actions in 1998

Alaska increased training requirements for center-based providers. In addition, funding for licensing was increased.

California passed new legislation regarding criminal and child abuse background checks. All licensed providers including family child care providers, child care center staff, and providers who are exempt from licensing who receive child care subsidies will have to undergo a Federal Bureau of Investigation (FBI) background check in addition to the state criminal background check.

Connecticut increased staffing to support licensing enforcement. In addition, non-relative providers who receive child care subsidies will be checked against criminal and child abuse and neglect records. Employees of licensed facilities are subjected to criminal checks. New regulations were instituted on the administration of medications. The state also now requires the Department of Public Health to notify providers of changes in child care regulations within 60 days.

Delaware will now require licensed facilities to post a notice of probation or a notice of suspension when a negative action has been imposed. Programs on probation must also give parents a copy of the probation letter.

The **District of Columbia** is in the process of making changes to its 25-year-old licensing law in the areas of infant/toddler care, school-age care, and odd-hour care.

Florida is developing a comprehensive training program for child care licensing staff.

Illinois hired 75 additional licensing staff. This represents a 40 percent increase in total licensers and will allow the state to meet the requirement for one annual inspection visit. New requirements and procedures ensure that staff have the capacity to support centers and family child care homes in offering children a safe and supportive environment. For example, at the end of three years, all licensers hired from outside the state government must have early childhood education or relevant experience. If staff wish to transfer internally from the Department of Social Services to the licensing unit, they must have 18 hours of training in early education (nine of which before they begin their job). To make staff more effective, the state will also create a program to provide internships for licensers and on-the-job training in child care centers. Both core training for licensing staff and in-service training will be overhauled. Core training will be expanded by a week and it will include an entire week of child development training. The licensing agency has also agreed that over time it will hire a person with an early childhood master's degree in each of its six service areas. Parents will have easier access to information about child care programs as well. They will be able to call a toll-free number to find out about a particular program's past history and violations. To ensure that this system provides useful and accurate information to parents and due process to providers, the Department of Social Services is developing a better process of receiving and substantiating complaints.

Indiana issued a voluntary recommended policy for regulating legally license-exempt providers who receive subsidy reimbursements. Already, 40 percent of the counties have adopted the policy. Each county Step Ahead Council (see the Bringing Communities Together for Children section for details) was given the option of adopting the policy, which includes five minimum health and safety requirements for legally license-exempt providers. The requirements include a criminal history check; at least one working smoke detector in the provider's home; an annual Tuberculosis test; an emergency plan for illness, back-up care, and fire evacuation; and certification in infant/child CPR annually and first aid every three years. Any county that chooses to adopt the policy may use CCDBG quality funds to verify that providers are meeting the standards.

Iowa will increase the number of staff available for licensing enforcement by subcontracting eligibility determination. Eligibility determination workers will be reassigned to enforcement.

Maine strengthened their licensing requirements for family home providers with three to 12 children. Previously there were two levels of licensure. With no differences in reimbursement rates or payment levels, there were no incentives to encourage providers to move toward the higher level of licensure. Now *all* providers are required to attain a "certificate," which requires essentially the same standards as the higher level of licensure. Child-to-staff ratios also have been changed (10:1 preschool, 5:1 toddlers, and 4:1 infants). In addition, funding was allocated to help train and assist providers in attaining the certificate.

Massachusetts created "Family Child Care Plus" as a new category to increase the availability of after-school care. A basic licenser training curriculum was implemented.

Minnesota modified the definitions of "infant" and "toddler" in order to bring family care definitions in line with center care definitions. Previously, a child was considered an "infant" until 14 months and a "toddler" until 30 months. Under the new definitions, a child is considered an "infant" up to 12 months and a "toddler" up to 24 months. This change, when considered in conjunction with child–staff ratio requirements, allows family child care providers to care for more infants and toddlers.

Mississippi increased funding to the State Department of Health, Child Care Facilities Licensure for the hiring of additional monitoring and training staff. This action will allow staff to make more on-site visits to licensed/registered child care providers and to more closely monitor the performance and over-all compliance with the licensing regulations.

Montana reorganized its licensing functions and added funding for additional staff for a new total of 12. The regulatory function of the child care licensing and registration staff has been shifted to the Quality Assurance Bureau in the Department of Public Health and Human Services. Licensing was previously under the Early Childhood Services Unit.

Nebraska tightened its licensing enforcement standards by requiring that all inspections be unannounced (except for initial licensing visits). In addition, the state now requires annual inspections to determine compliance for all licensed homes, including those licensed through a self-certification process, preschools and centers

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with fewer than 30 children, and semi-annual visits for centers and preschools with more than 30 children. Preservice training is now required for all new center/preschool directors and new directors of existing programs.

New Hampshire lowered its family child care licensing guidelines. Previously, any provider caring for three or more children (not including her own) had to be licensed. Now, a provider can care for an unlimited number of *related* children (including second cousins), in addition to her own, without being licensed.

New Jersey strengthened its licensing requirements for all centers by requiring annual inspections; requiring annual professional development for all staff; increasing child to staff ratios for 4-year-olds to 12:1 from 15:1; requiring background checks of the state's child abuse/neglect records for all staff; and adding licensing staff to implement these improvements.

New Mexico dismantled the Child Care Licensing Bureau and moved licensing functions into the Child Care Bureau.

North Carolina expanded the criminal record check requirements in home-based care to include other household members over age 15 who are present when children are in care. The requirements for a family child care home operator increased from age 18 and literate to age 21 with a high school diploma or equivalent. Health and safety requirements were also increased for family child care homes, and annual training in child development is now required. For center-based care, education requirements were strengthened for administrators and lead teachers, to require early childhood education coursework available through the state's community colleges. Requirements for center playgrounds and outdoor equipment were challenged but remained in effect. In addition, the state added new licensing staff and developed a rated license that will become effective in 1999.

Ohio hired 12 to 13 new inspectors. In addition, licensing of Head Start programs was transferred from the Department of Human Services to the Department of Education. The state also developed a hand-held computerized licensing inspection tool.

Oklahoma strengthened standards for school-age and part-day programs. In addition, a comprehensive training plan for new and veteran licensing staff was implemented. An additional 38 licensing staff were added to ensure that three unannounced visits can be made to all licensed child care providers each year.

South Carolina hired additional licensing staff.

South Dakota has defined two categories of providers within informal unlicensed care that must meet new minimum requirements in order to receive a subsidy. Providers in

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each of the new categories, "In-home care" (which is care provided in the family home by a caregiver who maintains a separate residence) and "Family friend" care (which is a provider caring for the children of just one other family) must be cleared through a background screening and must receive three hours of training. In addition, training videos and other resources are being made available through job services, Women, Infants, and Children (WIC), and TANF offices. The state also increased licensing staff with a special focus on child care community development activities. Licensing staff also received special training from the National Institute of Out-of-School-Time Care designed to increase technical assistance expertise to new and existing school-age programs.

Tennessee improved infant and toddler ratios. The infant-to-staff ratio was changed from 5:1 to 4:1, and the toddler to staff ratio was changed from 7:1 to 6:1.

Texas exempted family child care homes serving three or fewer children from registration. In addition, the state now allows programs that are accredited to waive licensing by the state.

Utah rolled back licensing requirements for family child care. Previously, any provider caring for three or more children was required to be licensed. Now, only providers serving nine or more children (not including their own) are required to be licensed. Providers serving four to eight children (not including their own) are only required to obtain a "Residential Certificate". In order to receive a Residential Certificate a provider must only meet three mandatory requirements, passing a criminal and child abuse and neglect background check; showing proof of current CPR and first aid training; and completing five hours of departmentally-approved initial training. In addition, a scheduled precertification visit will be conducted. While the precertification visit will consider other factors, any citations issued by the inspector are optional recommendations. If a provider chooses not to address any cited recommendations, a letter will be sent to notify parents, but no other punitive action can be taken. The provider can continue to operate provided she meets the three mandatory requirements.

Vermont implemented uniform certification requirements for all legally exempt child care providers, including relative care, which include criminal record and child abuse screens. The record screens include children age 10 or over living in the household.

Virginia lowered the licensing requirements for child care centers, including lessening staff training requirements and staff-to-child ratios. The state also turned back protections regarding the use of classroom aides (with no required training) in programs. While previous regulations allowed a maximum of two supervised aids, the regulations were changed to allow an unlimited number of aids in the center without any supervision. In addition, the state eliminated a requirement that the person who applies for a family child care license be the person who provides at least 75 percent of the care. The only requirement now is disclosure to parents. The Department of Social Services has made improvements in the ability of the commissioner to issue sanctions for licensing violations. Also, the state budget included funding to increase the number of licensers available for enforcement visits.

Washington increased licensing standards by requiring a minimum of 20 hours of basic licensing guidebook-based training in the first six months of licensure or hire and 10 hours of annual in-service training based on the state's core competencies through its Washington STARS program.

Wisconsin added a rehabilitation clause to make it easier for providers who have committed nonserious crimes to apply for a waiver from criminal background check requirements in order to increase the supply of providers. At the same time, background checks must be conducted on children over age 12 who live in the same house as the child care provider. The state has also expanded background check requirements to include consideration of a provider's juvenile records, if any exist.

Wyoming proposed to eliminate statewide licensing and transfer responsibility to local governments. The legislature restored funding for licensing for two years while an independent task force studies the issue.

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Head Start and Prekindergarten Initiatives

A significant number of states continue to expand early education efforts by investing in state Head Start or prekindergarten initiatives. In 1998, at least 18 states expanded their investments in Head Start and prekindergarten, including Alaska, California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Kansas, Massachusetts, Minnesota, Missouri, New Jersey, New Mexico, New York, Ohio, Oklahoma, Rhode Island, and Tennessee. As noted in the Quality and Supply: Care for Infants and Toddler section, two states — Oklahoma and Kansas — have expanded or launched state-funded Early Head Start initiatives.

In addition, at least seven states expanded efforts in 1998 to support collaboration among Head Start, prekindergarten, and child care, including Arkansas, Illinois, Massachusetts, Nebraska, Oregon, Vermont, Washington, and Wisconsin.

State Actions in 1998

Alaska increased funding for local Head Start initiatives through the governor's Smart Start program.

Arkansas expanded funding to support extended-day Head Start.

California increased funding for its state prekindergarten program by $15.7 million ($31.4 million on an annual basis).

Connecticut expanded funding for the state's School Readiness project by $20 million to a total of $40 million for FY 1999 to serve approximately 6,000 3- and 4-year-old children.

Delaware increased funding for its Head Start-like 4-year-old program to $3.6 million in FY 1998-99 from $2.4 million in FY 1997-98. Funding will allow *all* eligible 4-year-olds to be served through the federal or state program.

The District of Columbia extended the Head Start day and year for all programs and established the Head Start Works program to help parents secure and retain jobs.

Georgia's universal prekindergarten program's funding was increased from $210 to $217 million. The number of children served will increase from 60,000 to 61,000.

Illinois combined the state's existing infant and toddler prevention initiative, Early Childhood Parental Training Program, and the state prekindergarten program into one large block grant. Funding for the new block grant was increased by 20 percent. A minimum of 8 percent of the total funding is set aside for quality efforts. In addition,

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the state issued a Request for Proposals (RFP) through the state prekindergarten program to encourage school districts to work with child care to provide wraparound programming. Also, the Department of Human Services allocated $9 million for Head Start wraparound programming.

Kansas transferred $5 million from the TANF block grant for Early Head Start and appropriated $2.5 million in new state funds for state Head Start grants. The state also appropriated $3 million for a new state prekindergarten program for at-risk 4-year-olds in the public schools.

Massachusetts increased funding for their Community Partnerships program by $29.5 million. Most of this funding, $20.5 million, is earmarked to support prekindergarten for 3- and 4-year-olds and to provide wraparound services. In addition, the state created 200 new Head Start Partner slots to provide full-day, full-year child care services to Head Start families.

Minnesota increased funding for one year for collaboration between Head Start and the Early Childhood Family Education Program.

Mississippi set aside over $5 million in CCDBG funds for a Head Start Special Initiative to provide wraparound services and to offer non-competitive Summer Child Care at Head Start and non-Head Start licensed centers.

Missouri will be using revenues generated from state gaming entrance fees, primarily from riverboat gambling, to support several early childhood initiatives in the state. Sixty percent of the projected $21 million is earmarked for start-up and expansion of preschool programs, primarily for 3- and 4-year-olds. Funding for the preschool effort will be shared by the Department of Elementary and Secondary Education (80 percent) and the Department of Social Services (20 percent). Additionally, the Department of Education is required to reserve at least 10 percent of its funding to support community-based programs. The preschool initiative has a variety of requirements to promote quality services and schools are required to conduct a community needs assessment. All preschool programs must receive accreditation within three years. All preschool teachers will be required to have teaching certificates in early education or special education or a CDA (a CDA is allowable for teachers in non-school-based settings). The remaining 40 percent of overall funds generated by the gaming fees will be divided among the following programs: 10 percent is earmarked for child care subsidies; 10 percent is earmarked to provide subsidies to parents who stay at home to care for their children (reimbursement rates will equal those paid to family child care providers and can be higher if parents participate in parenting programs approved by the Department of Social Services); 10 percent is earmarked for enhanced rates for accredited providers; and approximately 10 percent is unassigned.

Nebraska is targeting a portion of its CCDBG quality and supply funding to help Head Start programs extend their day.

New Jersey is continuing with the implementation of its program to provide full-day kindergarten and half-day preschool to children in the 136 school districts with the largest percentage of low-income children. In 1998, a New Jersey Supreme Court decision called for additional funding to the 28 special needs districts to implement half-day programs for 3-year-olds. The governor recently announced that the state will extend these programs to full day in 1999 at a cost of $8,000 per child. The governor also announced that school districts must collaborate with the child care community in the provision of services to 3- and 4-year-olds. To that end, an investment of $8 million is being made to increase available spaces in child care centers, $2 million for scholarships for CDA, CCP, associates and bachelors degrees, and $2 million for enhancement grants to help centers purchase materials, furniture, and equipment.

New Mexico allocated $5 million in general state funding for Head Start for the first time.

New York continues to move ahead with implementation of the universal prekindergarten program. The state expected to serve 18,000 children in 1998.

Ohio will spend an additional $8.9 million for Head Start. Total funding now equals $92.6 million as the state moves closer to its goal of serving all eligible children. In addition, the state transferred a portion of the TANF block grant to the Ohio Early Start program.

Oklahoma passed legislation in July to open up the state prekindergarten initiative to all 4-year-olds. Schools are provided with state funding based on the number of children enrolled in the programs. They will be reimbursed under the school formula for $3,500 for a full day for a 4-year-old, which is the same amount as the state's kindergarten reimbursement. School districts can contract with Head Start or a child care program. Districts are not required to offer preschool but have the option of offering the program if they have the staff and facilities available. The state expanded prekindergarten funding by $1.95 million. In addition, the state increased the state Head Start program by $250,000.

Oregon increased funding to Head Start agencies providing expansion programs to supply full-day/full-year services to TANF families and families served by the Employment Related Child Care program.

Rhode Island will increase the number of Head Start slots or child care slots with comprehensive services to cover an additional 700 low-income children.

Tennessee appropriated $3 million for its prekindergarten programs. This will support 20 pilot projects, including three operated by Head Start; 15 operated by local school districts; two operated by college-based child care programs.

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Vermont has earmarked a portion of CCDBG funding to help Head Start programs provide wraparound care for full-day/full-year services.

Washington has increased its efforts to improve collaboration between Head Start, child care, and the state's prekindergarten program. Currently, children receiving subsidized child care who enter one of these collaborative programs get half-day assistance for half-day services, but in strong collaborative models, the state will soon give full-day assistance to the program, even if the child is only in child care for half of the day.

Wisconsin added a category of start-up and expansion grants to encourage collaboration. These grants were awarded for collaboration among schools, Head Start, and child care programs to be awarded to two or more joint programs where children are receiving services from more than one entity in the same center, classroom, or family child care homes. The state awarded 15 grants totaling $235,000 for Head Start collaboration projects.

Bringing Communities Together for Children

A number of states are seeking new approaches to ensure that communities and families have access to affordable, quality child care while also helping communities better understand what must be done to create strong child care options for families. Many of these efforts are premised on the theory that local communities have the best information regarding their gaps and also that a strong local role will increase as a community's understanding of child care issues. These initiatives do not necessarily cede all decision-making to local communities, but they do provide additional resources for local communities to address the large unmet needs in early childhood. As localities become more involved in child care, it is extremely important that local decision-making bodies be broadly representative of their communities and have adequate staff and training to assess their early childhood needs. It is equally important that in order to ensure equity, decisions affecting standards and major subsidy policies remain at the state level.

State Actions in 1998

California voters approved a new initiative that generates approximately $750 million per year by raising the state cigarette tax by 50 cents per pack. The new funding will be earmarked for programs that benefit children from birth to age 5, including healthy parenting education, child health services, affordable high-quality child care, development and distribution of educational materials for early childhood development, and research focusing on developing the best practices for early childhood development and education. The goal of the initiative is to create a focus on early childhood in each county. To this end, the Board of Supervisors from each county will appoint a five-to-nine member County Children and Families First Commission. Funding generated by the initiative will flow to the county commissions, which will be responsible for developing and adopting a county strategic plan that promotes the improvement of early childhood development. At the state level, the initiative will operate out of an independent seven-member commission appointed by the governor, Senate Rules Committee, and Speaker of the Assembly which will provide oversight and technical assistance to the 58 local county commissions, as well as implement a mass media campaign related to proper child development and good parenting. The state level commission will be responsible for developing integrated plans and guidelines for a comprehensive statewide program that supports and improves early childhood development. In addition, the state commission has responsibility for allocating 20 percent of the total revenues for specific purposes including mass media, research, child care, technical assistance, and evaluation.

Connecticut doubled funding for its School Readiness program from $20 million to $40 million. In addition to providing quality preschool care and education, the program seeks to mobilize communities to make decisions regarding funding and quality programming. Local school readiness councils are appointed by the mayor and superintendent of schools in each funded municipality. Some administrative funding is given to the councils by the state.

Indiana has developed local Step Ahead Councils in each of the state's 92 counties to serve as a single point of entry for services for children and families. The councils have public and private representatives, receive state funding for local coordination and planning, and serve as a channel for state direct service dollars. The councils have responsibility for developing action plans in five primary areas: mental health, nutrition, health, personnel development, and educare. As part of their educare responsibilities, the county Step Ahead Councils select the child care subsidy voucher agent, set priorities for the use of CCDBG grant funds, and select the local resource and referral programs. The councils have also become increasingly involved in welfare reform activities. In 1998, funding for the Child Care Financing Symposium Initiative was expanded to provide sufficient funding for Step Ahead Councils in all 92 counties to receive funding to support efforts to: raise public awareness of local child care needs, build public–private partnerships for child care, expand the supply of high-quality child care, increase the number of credentialed child care providers, and reduce the high turnover among child care professionals.

Iowa passed legislation authorizing the Community Empowerment Areas Initiative, a statewide, community-based early childhood effort. The initiative includes funding for School Readiness Grants ($5.2 million) and child care subsidies ($3.8 million). In order to participate in the initiative, communities must create a community development board with majority representation of citizens and elected officials, and at least one recipient of public services. The board can create a professional advisory council and may also designate representatives from provider agencies to provide technical assistance. The community development board must first conduct an assessment of family needs in the community. The community development board can then apply to the state for funding. The application for funding must show proof of a collaborative planning process and must identify projected outcomes for children and families. Community Empowerment Area funds can be used to finance a range of projects including preschool programs, prenatal programs, parent education classes, full-day Head Start programs, or other programs that help children enter school ready to learn. At a minimum, local boards must: 1) provide voluntary preschool services to at-risk children; 2) offer parent support and education programs for parents of children from birth to age 5; and 3) develop a School Readiness plan that includes child development services, child care provider training, children's health and safety services, identification and service for chemically exposed infants and children, and parent support and education services. An 11-member state Empowerment Board oversees funding decisions. The state board is comprised of eight citizens appointed by the governor and the directors of the state Departments of Education, Human Services, and Public Health. The board is responsible for identifying core indicators of performance to assess the effectiveness of grants; establishing guidelines and a process to determine if Community Empowerment Areas are ready to administer School Readiness Grants; and providing technical assistance on funding, program design, and other areas. The state board is also responsible for handling local requests for waivers of state and federal rules; developing recommendations regarding amendments of state law; seeking of federal waivers; redirecting existing public and private funding; and reducing redundancy and overlap in the work of existing boards, commissions, and committees.

Kentucky's Governor Paul Patton created an Office for Early Childhood Development within the governor's office to study the current status of child care and parenting programs in the state, and recommend ways to strengthen the system, identify service gaps, and eliminate the duplication of services for children up to age 5. While the initiative does not involve any formal local planning, it is highlighted here because it should prove to be a catalyst for bringing people together around early childhood issues in the state.

Michigan doubled from $2 million to $4 million development community grants for children from birth to age 3. Funding is available to communities and counties provided they obtain approval for their local human services multi-purpose collaborative bodies. In addition, the state's budget includes $100,000 to hold a statewide Ready to Learn Leadership Summit. This summit will bring together top leaders in business, education, faith communities, health, labor, media, philanthropy, and politics. These invitees meet with child care/early education experts, specialists in neuroscience, and others to chart a course toward a system of universal, high-quality early education and care. The funding will be matched by foundations and corporations for a proposed total of $250,000.

North Carolina pioneered the use of local collaboratives for early childhood funding when it developed Smart Start. The initiative now includes a collaborative in every county or group of counties in the state that comes together to set priorities and fund gaps in services for children up to age 6, ranging from child care to family support and health services for children. This year the state expanded funding for Smart Start by $42.5 million.

South Dakota developed a workbook and database to promote broad-based community efforts addressing local child care needs. Teams led by licensing/development field staff facilitated collaborative community processes in 63 locations including 92 projects throughout the state. Assisting in plan development and implementation were representatives of the Governor's Office of Economic Development, regional planning districts, developmental foundations, the and central child care office staff. Results are leading to expanded capacity, new programs, quality improvement, and greater accessibility.

Vermont has established regional early childhood councils that identify gaps in services for young children and establish priorities for the use of new or additional

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funds. The child care support agency in each region, along with center-based and family child care providers, are required members of these councils.

Increasing Business Investment

Partnerships between business and the child care community have been expanding in recent years. Recognizing that parents who are concerned about the quality of care their children are receiving may be distracted at work or forced to take extra time off, corporations, especially banks, have realized that supporting child care is a smart investment in its current staff and in the country's future workforce. However, business involvement is still too limited. The Family and Work Institute's 1997 *National Study of the Changing Workforce* found that only a minority of employees have access to benefits such as information and referrals for child care (20 percent), child care services (11 percent), or assistance (13 percent).

State Actions in 1998

The District of Columbia was involved in several public/private partnership activities. The private sector raised $1.2 million for a state-of-the-art early childhood and family support center that includes a health suite funded by the Mattel Corporation. Another downtown child care center funded by the city, and a consortium of hotels (led by Marriott Corporation) is under construction and will open in September 1999. The city is collaborating with 11 banks and two community development corporations on a number of child care projects. City developers have also initiated a project to build child care space and computer labs for school-age children in renovated housing. In addition, IBM supported the new infant/toddler training and expansion program. Also, the World Bank is a partner in building three new high school child care centers for teen parents (in addition to the four already in existence).

Connecticut expanded its business tax credit program under a program called the Human Capital Investment Credit Account. Employers are now eligible for tax credits for child care facilities, child care subsidies for employers, work/education programs and donation to institutions of higher learning. Tax credits can cover 3 percent of expenditures, rising to 5 percent in the year 2000. Connecticut is also working with seven banks to implement an initiative for financing capital improvements and new facilities for child care. Small- and medium-sized loans (up to $500,000) are partially guaranteed by the state. Large loans to nonprofit providers receive debt service subsidies from the state by using tax-exempt bonding.

Florida's Child Care Partnership Program will raise $6 million in private and local funding this year that will be matched by $6 million in state funding. This is an increase of $2 million from last year.

Indiana launched a public-private child care financing partnership called the Indiana Child Care Fund. The fund will be used to raise corporate, foundation, and other private dollars to improve the quality of child care in the state. As one of the fund's first projects, a business tool kit entitled "Child Care: It's Good Business" was developed and over 4,000 copies have been distributed. In addition, the Corporate Mentor Initiative was established and Child Care Fund members are providing technical assistance to businesses interested in developing work/life programs, as well as to Child Care Financing Teams in each county, which are soliciting increased private sector involvement in child care. For example, one corporation — Cinergy Corporation — has changed the job description of its community and economic development manager to include formal responsibility for assisting the Corporate Mentor Initiative. The fund is also supporting the TEACH-like scholarship initiative that was launched in the state. Corporations plan to invest in scholarships for staff in facilities used by their employees. Community colleges have committed to provide a dollar-for-dollar match on scholarships toward associate degree tuition.

Mississippi launched a child care partnership grant program that provides one-to-one matching grants to businesses (corporations, industries, and/or consortiums) that are engaged in commerce other than the provision of child care services, foundations and/or philanthropic groups, churches, universities, local or county governments, and multi-service community-based organizations. The grants are to be used to expand the availability and accessibility of child care for low-income working parents and/or parents in an allowable TANF activity. Proposals must show evidence of partnerships and cooperative efforts in addressing employee and community child care needs. Partnerships may include a business establishing an on-site or near-site child care center for its employees; a church offering after-school care for latchkey children of very low-income working parents; a business contracting with a local child care center to guarantee reserved slots for the children of its employees; a multi-service community-based organization establishing a new family child care network, or expanding an existing one; and a consortium of businesses sharing equally in the operating expenses of a child care center.

New Hampshire created a business commission on child care and has been working with Providian Bank, a national financial services company, on several projects. Providian Bank has pledged $5 million to study, expand, and improve the delivery of child care services over the next five years. The first $1 million has been used by the New Hampshire Community Loan Fund Partnership to support child care services. The money will be used for loans to nonprofit centers, including very vulnerable and non-credit-ready organizations, for facility and program improvements. To date, $512,000 have been loaned to nonprofit centers serving approximately 600 children. Providian Bank is offering counseling and training referrals to child care loan applicants and has opened training workshops to center teachers. Still in the planning stages is the second phase that will target home family providers. A research initiative was begun that will survey 400 parents and 200 businesses regarding child care issues. In addition, Providian has pledged $250,000 over the next four years to support school-age care and has partnered with PlusTime NH to offer mini-grants for after-school programs.

New Jersey appropriated $1 million to establish a revolving loan program for child care facility expansion. The program has leveraged, three to one, private/public dollars for investment in this initiative (see the Quality and Supply: General section for more details).

Washington's Governor Gary Locke established the commission on Early Learning, co-chaired by First Lady Mona Lee Locke and Melinda Gates. The Commission plans to solicit public and private matching funds to support its agenda. In addition, the state used $1 million in unexpected TANF funding to launch a Child Care Micro-Loan Initiative. The state has included many private partners on the Initiative's Advisory Board and plans to use the Initiative as a catalyst for bringing together public–private partnerships to support the quality and supply of child care.

Wisconsin's Department of Workforce Development and Department of Commerce are collaborating on venture development grants to employers and employer consortiums that are developing feasibility plans for on-site or near-site child care.

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Changes in Child Care Administration

Changes regarding the administration of child care subsidies can make a significant difference in a family's ability to access child care assistance. For example, complex application forms or inconvenient office hours or locations can deter parents from seeking help. A lack of adequate, well-trained, and supportive eligibility staff can make it difficult for parents to get through the system. Without good counseling, parents may fail to understand the varied child care choices they could have with child care assistance. Delayed payments can severely limit parental choice of providers when caregivers in low-income communities find they cannot afford to accept children receiving subsidies.

State Actions in 1998

Connecticut's subsidy program was contracted out to a single statewide business. New requests for proposals for the computer database and the program operations have been released for continuing the practice of outsourcing.

Idaho eased the logistical burden for parents by reducing the frequency of eligibility determination to a maximum of once every six months instead of once per month.

Maine transferred the Transitional Child Care (TCC) program from the state office to the resource and referral network. This has eliminated drop-off that was occurring at the end of TCC eligibility.

Massachusetts has launched a comprehensive technology project that will examine where and how parents apply for subsidies and how parents get their children on the waiting list, how they access slots. The goal is to help prevent children from falling through the cracks. In addition, the state consolidated the administration and service delivery for child care from four human services agencies into one agency, the Office of Child Care Services.

New Jersey is transferring all child care administrative responsibilities to one division within the Department of Human Services. Previously, 208 states-contracted centers were administered by the Division of Youth and Family Services, while the Division of Family Development administered the voucher program for TANF and low-income families. The Division of Family Development will now administer all child care programs. A comprehensive multi-correlated impact study is being conducted to determine present and future child care needs, as well as the costs and benefits associated with the provision of services to meet those needs. Factors to be considered and areas to be addressed in the study will include: employment and economic growth forecasts, geographic disbursement and concentration of need, birth rate as it affects service needs, population characteristics such as income and ethnic differences, specific needs of non-English-speaking populations; and parental preferences regarding type of care — center or home-based.

South Dakota hired a supervisor of eligibility/reimbursement to increase outreach efforts, enhance client services, and improve collaborative efforts with TANF employment specialists.

Texas officially moved the administration of its child care subsidy program to 28 local workforce boards. While in some areas there has been a smooth transition, there are a number of concerns associated with this effort. Although the state has recently offered minimal training to these boards, it is not at all clear that it will be adequate for them to take on these new responsibilities. In addition, because these boards can set policies such as rates and parent fees, there is concern that parents will not have equitable access to child care assistance and be able to choose child care that meets their needs across the state.

Washington is working on improvements to its child care automation program.

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