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A review of the financial issues facing child care in the United States

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A review of the financial issues facing child care in the United States

Abstract

Jerlean Daniel (1990), a member of the National Association for the Education of Young Children (NAEYC) Governing Board, and the 1990 chair of NAEYC's Public Policy Committee, offered the following analogy of the child care industry to congress. If you hear nothing else today, please take with you the horror of an industry drowning. We are an industry on the brink of disaster. For years teachers in child care have subsidized the industry with their low wages. They have reached a point where they have nothing left to give but themselves Unfortunately, as evidenced by national turnover rates of 41 percent annually, they are doing just that. The saddest part of this saga is that those trained teachers whom we lose and cannot recruit anew are at the heart of what is quality for young children (p. 23).

**A REVIEW OF THE FINANCIAL
ISSUES FACING CHILD CARE
IN THE UNITED STATES**

**A Graduate Project
Submitted to the
Department of Curriculum and Instruction
In Partial Fulfillment
of the Requirements for the Degree
Masters of Arts in Education
UNIVERSITY OF NORTHERN IOWA**

**by
Carol L. Kringle
July, 1991**

This Research Paper by: Carol L. Kringle Entitled:
A Review of the Financial Issues Facing Child Care in
the United States

has been approved as meeting the research paper
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CHAPTER I

Introduction

Jerlean Daniel (1990), a member of the National Association for the Education of Young Children (NAEYC) Governing Board, and the 1990 chair of NAEYC's Public Policy Committee, offered the following analogy of the child care industry to congress.

If you hear nothing else today, please take with you the horror of an industry drowning. We are an industry on the brink of disaster. For years teachers in child care have subsidized the industry with their low wages. They have reached a point where they have nothing left to give but themselves. Unfortunately, as evidenced by national turnover rates of 41 percent annually, they are doing just that. The saddest part of this saga is that those trained teachers whom we lose and cannot recruit anew are at the heart of what is quality for young children (p. 23).

In April of 1991, President Bush made known to the American populace an educational strategy, AMERICA 2000, designed to move all communities in the United States (U.S.) towards national educational goals. According to AMERICA 2000, the number one national goal for the 1990's is that all children will start school ready to learn by the year 2000. School readiness focuses on those years prior to formal schooling. Early childhood experiences which lay the foundation for success in school and later in adult life must promote children's

physical, social, emotional, and cognitive development capacities. Young children are primarily socialized by their families and caregivers, and by the opportunities they have to explore the world. Learning occurs as children interact with people and respond to the world around them. High quality child care and preschool experiences encourage young children to explore their environment actively, interact with peers and adults, and extend their understanding through play (U.S. Department of Education, 1991).

Existing child care services in the United States are inadequate to meet current and future needs of children, parents, and society as a whole (Kisker, Hofferth, Phillips, & Farquhar, 1991). For some families, child care services are simply unavailable; for many others, care may be available, but it is unaffordable or fails to meet basic standards of quality. Quality varies within and across programs and arrangements provided under different institutional auspices. Irrespective of family income, child care has become a necessity for the majority of American families (Delcoco, 1988; Hayes, Palmer, & Zaslow, 1990; Kisker et al., 1991; Thorman, 1989; Zigler & Lang, 1991).

Statement of Purpose

The purpose of this study is to determine the

financial status of child care in the United States today, and to explore solutions to problems concerning it. The following questions are asked in order to achieve the purpose of this study.

- 1) Why is child care needed today more than ever, and are those needs being met by the current system?
- 2) What are the controversies facing child care today and how are they viewed by those in the field?
- 3) Knowing the importance of quality in child care, why are child care programs not living up to the known standards of quality?
- 4) What has the federal government done to improve the state of child care across the nation?
- 5) Why has the business sector taken an interest in child care?

Need for the Study

In today's society, the traditional family model of the past, one parent at work while the other stays home to care for the children, has become the exception rather than the rule (U.S. Small Business Administration, 1989; Thorman, 1989). The days when mothers could depend on the extended family to care for their children have passed (Thorman, 1989).

It has been taken for granted that child care is a

service for mothers, so they can join the labor force, not for families or children. It has been assumed that making the choice to stay at home with your child or to join the labor force has been a decision made privately by families, primarily by women, without the input or influence of the larger society (Zigler & Lang, 1991). In reality, economic necessity or the challenge of a career outside the home has led to an unprecedented number of mothers joining the labor force (Thorman, 1989). Zigler and Lang (1991) contended that the American public is now beginning to realize that child care choices are not determined by families alone and that families alone cannot solve all their child care problems. Public opinion polls on family issues during the past decade indicated that more and more Americans have begun to believe that business and government should help families with child care concerns. According to Ames (1992), "Parents are painfully aware that the child care system is a mess. There is not enough funding, not enough centers, no federal regulations" (p. 51).

Since 1989, over 200 bills designed to address the child care needs of the nation's families have been introduced into Congress. It is clear that the American public is looking for help in order to increase the

supply and improve the quality of child care, but there is as yet no national consensus on what kind of help should be given and who should give it: federal, state, or local governments; private agencies; or the business sector (Zigler & Lang, 1991).

Perhaps the most erroneous assumptions about child care that have been made in the past is the nature of child care and its purpose. Child care is not just a service for working parents; it is a setting that constitutes a significant portion of the total environment in which our nation's children are developing physically, intellectually, and socially (Zigler & Lang, 1991). Delcoco (1988) stated that although children may survive and surmount adversity and use opportunities for growth throughout their lives, consistent, appropriate care in the earliest years is what builds a solid foundation for healthy development and productive achievement. Finding approaches to caring for children which will both promote the development of the child and strengthen the family as primary source of nurturance for young children is a challenge facing parents, families, community agencies, employers, and government at every level (Delcoco, 1988).

Child care services are not part of a unified

system that is subject to regulations sufficient to protect the interests of all the children it serves. Child care environments are neither consistent nor routinely evaluated in many communities. Child care services are also not readily available to all families who need them. Arrangements available in the local community and parent's abilities to pay for them both determine access to child care (Zigler & Lang, 1991).

The majority of mothers in the 1990s work for the same reasons fathers do: to adequately feed, clothe, and shelter their children. Like men, some women also work for personal fulfillment, to contribute to the society, and to feel valued for that contribution. Never before in the nation's history have so many children, at such young ages and for so many hours of their lives, been placed in such a wide variety of caregiving environments (Zigler & Lang, 1991).

The care and education of our young children is a fundamental concern to all of us. We face extensive public debate over the role of the government in early childhood education; therefore, a thoughtful examination of the divergent views that underlie current research and practices is necessary (U.S. Department of Education, 1988). Recognition of the importance of early intervention for educationally disadvantaged

children and interest in enrichment programs for all young children have increased; this has resulted in preparing all children to start school ready to learn. In fact it has become the nation's first educational goal (Kisker et al., 1991).

The *Profile of Child Care Settings (PCS)* study, conducted by the United States Department of Education, found there were approximately 80,000 center-based early education and care programs at the beginning of 1990, with the potential to serve over five million children in the United States. In addition, there were approximately 118,000 regulated family day care providers with the capacity to care for 860,000 children (Kisker et al., 1991).

Thorman (1989) asserted the need for child care advocates to write about the current shortage of good day care for working parents. He hoped to raise the level of public awareness to the need for a national program of day care to meet the needs of millions of American families in all social and economic levels.

Limitation of Study

Because of the limited amount of literature in this field, some sources were relied on quite heavily; for example, Zigler and Lang's book is a new and definitive

source and therefore was used a great deal.

Definition of Terms

Day Care and Child Care - "Programs designed to respond to the stages of physical, emotional, social and intellectual growth and behavior of infants and young children" (U.S. Small Business Administration, 1989).

"The customary care given to children by adults other than their mothers or fathers while parents work, seek work, or attend career-related school or training" (Zigler & Lang, 1991, p. 1).

Developmentally Appropriate - This concept has two dimensions: age appropriateness and individual appropriateness. Age appropriateness refers to the predictable sequences of growth and change that occur in early childhood. Individual appropriateness refers to the fact that each child is a unique person with an individual pattern and timing of growth, as well as individual personality, learning style, and family background (Bredekamp, 1990).

Early Childhood - "The National Association for the Education of Young Children defines early childhood as birth through age eight" (Decker & Decker, 1988, p. 4)

Family Care - "a program designed to provide care for toddlers. In a family care setting, toddlers are minded

in the homes of other mothers" (U.S. Small Business Administration, 1989).

Nursery School - "Usually is a part-time preschool child development center operating during the school year" (U.S. Small Business Administration, 1989).

Quality - Refers to the teaching practices, organizational structure, and institutional supports that facilitate active, nurturing, and productive learning experiences for young children (U.S. Department of Education, 1991).

CHAPTER II

Need for Child Care

According to Kisker et al. (1991), the need for non parental early education and care has increased dramatically in the United States in the last twenty years. Thorman (1989) stated that the increased demand for day care is the result of complex social and economic changes. Child care is no longer simply a protective or remedial service for poor youngsters or those from troubled families; it is an everyday experience for children from all economic classes (Hayes et al., 1990). Because of the changes taking place in the American family, day care is no longer simply a service that enables poor women to work, nor is it a luxury for wealthy women who want more time to themselves. It has become an essential part of a much broader national picture, and it must be reckoned with as an important social issue (Zigler & Lang, 1991).

American infants born today encounter a family environment much different from the one their parents experienced as babies. According to the Bureau of Labor Statistics' 1987 figures, 53% of women with children under the age of three (Delcoco, 1988) and 67% of women with children under the age of 18 were in the labor

force, as compared to only 39% in 1970 (Zigler & Lang, 1991). As of 1987, the fastest increase in labor force participation rates among women was among mothers with young children (Delcoco, 1988; Thorman, 1989).

Demographers estimate that by the year 1995 more than two-thirds of all mothers with children under six years of age will be working (Olmsted & Weikart, 1989; Delcoco, 1988). Estimates show that 67% of all new jobs from 1988 to 1995 will be held by women, 80% of whom will have children at some point during their career (Rice, 1990). Children under six with employed mothers are more likely to be cared for outside their own home today than in the past, particularly if their mothers work full-time. As of 1987, 24 percent of all American children under 18 years of age were living with a single parent, usually the mother. The number of children living with a divorced mother more than doubled between 1970 and 1987 (Delcoco, 1988). Married couple households make up less than 75% of all households. The balance consists of unmarried singles, single parents with children, and unmarried cohabitants ("Demographics: Driving", 1989). Predictions are that by the year 2000 the rate of female participation in the work force will be identical to that of men, with most women working during their years of childbearing and childrearing

(Zigler & Lang, 1991). Although some mothers work out of choice, the majority work out of necessity. Thorman (1989) says it is estimated that only about 40 percent of the jobs pay enough to support the average family. Both parents must work to pay rent, clothe and feed their children. While quoting similar statistics, Senator Metzenbaum, Chairman of the Senate Subcommittee on Labor and Human Resources, said:

What stronger evidence do we need of the importance of quality day care so that those who need to work, those who choose to work, will have their children cared for in decent, healthy, and appropriate environments....There is just not enough adequate, affordable, quality day care in this country today (Senate Committee on Labor and Human Resources, 1988).

There is no doubt that there is a need for child care services. Yet in our quest to meet the demand, we should be careful not to sacrifice quality for quantity. Since the continued growth and development of our country depends wholly on the development of our children, it is imperative that quality child care and educational services are provided from preschool through high school (U.S. Small Business Administration, 1989).

Controversy

According to Thorman (1989), critics argue that the rapid expansion of out-of-home child care will

eventually destroy the family. However, the consequences of day care on the family hinges on how carefully such programs are planned, financed, and administered so as to serve the best interest of children and their parents. Thorman (1989), Zigler and Lang (1991), and Hayes et al. (1991) all believe the question is not whether we should have day care, but what kind of day care do we want for our children?

Many women now regard day care as essential if they are to achieve their rightful place in society and attain a higher level of self-fulfillment. They see day care as a positive influence on the social development of children and argue that it provides positive experiences for their intellectual and emotional growth. Critics of day care see it as a detrimental influence that undermines the family and believe that it eventually leads to a socialist way of raising young children. Still others regard the expansion of day care services as an inevitable and realistic response to the need for both parents to work in order to survive (Thorman, 1989).

Child care is not an alternative form of child rearing that can simply be contrasted with parental care in the home. Because the majority of children are experiencing child care as a supplement to parental care

during some part of their formative years, comparisons between child care and home care as though they were separate systems have become less meaningful and less relevant. Child development occurs both in the home and in child care settings. What remains meaningful and relevant, however, is continued exploration of the variety and the quality of child care environments and their impact on children (Zigler & Lang, 1991).

There is also discussion as to whether the government should regulate child care. Low standards, particularly as they apply to staff qualifications and to staff/child ratios, allow providers to reduce staff costs and enhance profitability. Opponents of regulation contend that the existence of regulations alone does not guarantee quality and without proper enforcement regulations are meaningless. There already exists a lack of sufficient licensing staff (Hayes et al., 1991).

Day care is indeed a complex phenomenon that presents many dilemmas. It must serve the best interest of children entrusted to their caretakers. At the same time, day care programs must take into account the needs of parents for high quality day care that is also affordable. The problems inherent in day care reveal a paradox. Parents want good day care for their children,

but they are often unable to afford care of high quality. Government-subsidized day care raises complicated and controversial political and economic issues on which consensus is difficult to achieve. These problems and issues have become a matter of serious, often heated, debate among parents, child development experts and legislators (Thorman, 1989).

At a 1989 Senate Committee Meeting on Finance in which the Federal Role in Child Care was the focus, some private sector child care people expressed their belief that Federal regulations could hinder State and local regulatory bodies from responding to the particular child care needs in their areas. A Kindercare representative expressed the following thoughts:

Federal regulations would drive many providers underground and stifle the supply of child care...regulations would substantially reduce the availability, the affordability, and the aggregate, even the quality of child care. The states are best qualified to determine the special child care needs and concerns of their citizens (Senate Committee on Finance, 1989, p. 43).

This observation raises the question about the idea of national guidelines that states would be required to follow. Would federal guidelines ensure a higher level of quality or would they merely be extra demands that would contribute nothing to better child care (Olmsted & Weikart, 1989).

Quality

It is widely agreed that the quality of care received by young children in early education and care settings is critically important for their growth and development (Kisker et al., 1991). Poor quality care, more than any other single type of program or arrangement, threatens children's development (Hayes et al., 1991). An examination of the characteristics of early education and care settings that research has shown to be associated with quality are the following: group sizes, child ratios, teacher qualifications, teacher turnover, family day care networks, and the relationship between quality and fees (Kisker et al., 1991; Hayes et al., 1991).

Olmsted and Weikart (1989), Thorman (1989), and Zigler and Lang (1991) all agree that the quality of early childhood programs is clearly related to staffing issues such as salaries and qualifications. Child care personnel need to determine the best public policies and systems for developing and maintaining high-quality early childhood services (Olmsted & Weikart, 1989).

In the United States, regulation of early childhood care and education is a state rather than a federal responsibility. All states have regulations for child care centers and regulations for preschool educational

programs that are part of the public school system (Olmsted & Weikart, 1989). State regulations vary dramatically, and few reflect existing knowledge about the dimensions of quality that are essential to protect children's health and safety and to stimulate social and cognitive development. Unfortunately, there are few economic or political incentives for the states to take this step (Hayes et al., 1991). States also vary widely in their licensing of family day care homes. Some states have no regulations, while others require registration, and yet, others require a license (Olmsted & Weikart, 1989). The current licensing system used by states serves primarily to set minimum standards. However, Hayes et al. (1991) and Olmsted and Weikart (1989) agree that in many cases these minimum standards are lower than those found to be related to positive child outcomes. They need to do the following to improve the development of high-quality early childhood programs: increase the levels to ones recommended by research studies, increase the number of setting characteristics included in the system, and include all major types of early childhood settings in the system (Olmsted & Weikart, 1989).

Opponents of state regulations have argued that government interference in the private decisions of

families is neither a benefit to parents nor a protection to children. They believe "excessive" regulation increases the cost of care and provides disincentives for many providers to become a part of the licensed system. The existence of regulations does not guarantee their adequate and fair enforcement. In the absence of effective enforcement, regulations do not ensure that consumers receive high-quality care (Hayes et al., 1991).

According to the Bureau of Labor Statistics, two out of every three child care workers earn wages below the poverty level, regardless of their education, training, or experience. It is estimated that over 2 million persons, mostly women, are employed as child care workers (Children's Defense Fund, 1987). Raising wages, especially for caregivers with more education, has been shown to increase the quality and stability of staff; however, raising wages is expensive, since staff salaries constitute between 60% and 85% of the operating budgets of centers and nearly 90 percent of the budgets of family day care providers (Hayes et al., 1991). Related to low salaries are the high staff turnover rates found in both centers and homes. Turnover in child care centers averages 42 percent per year, while the rate is even higher among family day care providers

(Children's Defense Fund, 1987).

Staff/child ratio and group size are both strongly related to program quality (Olmsted & Weikart, 1989; Hayes et al., 1991). According to Miller (1990), one of the most essential characteristics of direct care is the caregiver/child ratio. Miller believes when ratios are inadequate, day care staff are engaged in "child packing, herding children together into small, contained, and easily supervised spaces" (p. 161). Hayes et al. (1991) found high ratios to be associated with distress in infants and toddlers. Lower ratios have been found to be associated with a higher incidence of secure attachments to caregivers by toddlers. "The National Association for the Education of Young Children recommends a maximum group size of eight for infants, ten for toddlers, twelve for two- and three-year-olds, twenty for three- and four-year-olds, and twenty for four-year-olds...with two adults per group" (Decker & Decker, 1988, p. 88).

Nearly every state requires centers to provide a written plan for a developmental program, and some states have similar requirements for family day care homes. Some states even require centers to express their educational philosophy in writing (Olmsted & Weikart, 1989).

The National Association for the Education of Young Children (NAEYC) has been working to improve the quality of early childhood services by the development of accreditation criteria and procedures. The NAEYC accreditation system covers several program components, including curriculum, physical environment, and staff qualifications and development, and specific criteria are established for each component. Only a very small amount of the total number of early childhood care and education settings in the U.S. have participated in the NAEYC accreditation procedures. Much more needs to be done to improve the quality of early childhood services during the next decade (Olmsted & Weikart, 1989).

Because good day care is not only a vital concern of working parents but affects the lives of millions of America's children, the problem demands sound and far-reaching solutions (Zigler & Lang, 1991). Quality child care is no longer a family issue. Rather, it is of vital national interest that we meet this national problem and solve it (Senate Committee on Labor and Human Resources, 1988).

We must recognize that quality child care is costly and that children, staff and parents can no longer be expected to bear the burden of that cost. Quality child care services are good for the country, and they are

good for our gross national product. "It is in our best interest to fund quality services on the Federal level, just as we have done in higher education. For every dollar we spend on quality child care services, we save three dollars in welfare and rehabilitation services cost" (Senate Committee on Labor and Human Resources, 1988, p. 15).

Government

In the last two decades, there have been three major developments in the history of American child care. The first of these historic milestones was the Comprehensive Child Development Act of 1971, crafted by Congressman John Brademas and Senator Walter Mondale. Work on the bill actually began in the late 1960s, after the apparent success of the Head Start program led to its enthusiastic acceptance by the American public. After months of study and expert testimony, legislators recognized that all preschool children needed atmospheres that enhanced cognitive, physical, and socio-emotional growth (Zigler & Lang, 1991).

About this time the 1970 White House Conference on Children identified child care as one of the major problems facing the American family. Thus came the Comprehensive Child Development Act which included \$700

million for federal funding of high quality child care for welfare recipients and \$50 million for the creation of new child care facilities. The bill also extended child care services to single parents and working families on a sliding fee scale. The Act made its way through Congress (Zigler & Lang, 1991), and through the United States Senate (Garrett & Garrett, 1979), but never made it past President Nixon after right-wing activists sent thousands of letters claiming that the Comprehensive Child Development Act represented a large scale attack on the family by the federal government. Once the Child Development Act was defeated, legislators did not want to risk introducing child care bills for fear of the backlash of mail from conservatives (Garrett & Garrett, 1979).

The election of Jimmy Carter brought a Democratic President to the White House; in this administration was Vice President Walter Mondale. Senator Alan Cranston, concerned that the nation had made no progress on what had been called the family's number one problem nearly 10 years earlier, was encouraged to introduce the Child Care Act of 1979. The Cranston bill was defeated after testimony of Arabella Martinez, an assistant secretary in the Department of Health, Education and Welfare, who told Congress that not all working families needed or

supported center-based child care provided by the government. She also stated that many parents preferred their own informal arrangements. As a result of Martinez's testimony, Cranston withdrew the bill (Zigler & Lang, 1991).

Carter attempted to make amends by supporting the Federal Interagency Day Care Requirements (FIDCR), which attempted to regulate the care provided in child care facilities serving families enrolled in federally sponsored programs (Zigler & Lang, 1991). These regulations, developed by federal agency experts and child development advisors, and based on research, would have established minimum standards for child care services, at least for those receiving federal funding, and would have served as general guidelines for all child care services; these standards, however, have never been adopted by the Congress, and consequently, child care services are subject only to state standards, which vary considerably from state to state (Olmsted & Weikart, 1989).

The governments role in child care did not expand in proportion to the growing need but in fact declined during the 1980s. Federal child care subsidies took two major forms: the Child and Dependent Tax Credit and the Title XX Social Services Block Grant (Zigler & Lang,

1991). The largest federal subsidy, which still exists today, comes in the form of the Child Care Tax Credit, which Grubb (1988) viewed as an artifact of tax policy rather than a deliberate policy designed to protect young children. The tax credit allowed parents to deduct a percentage of child care costs from their federal tax liability (Zigler & Lang, 1991). This credit today is available to two-parent families with children under age 15 in which one or both parents work full-time, to divorced or separated parents with custody of children, and to single parents. Under the system, a family can deduct between 20 and 30 percent of child care expenses from their federal income tax, up to \$2,400 per year for one child (Hayes et al., 1991; Olmsted & Weikart, 1989). In fiscal year 1988, expenditures for credit to families were more than \$3.9 billion. The tax credit remains the largest commitment to direct child care assistance (Zigler & Lang, 1991).

Zigler and Lang (1991) stated that some problems exist with the tax credit. The ceiling is far too low to cover the actual costs of child care. Another problem is that a tax credit once a year does little to help parents come up with the cash to pay their provider each week. Finally, since there are many low-income families who are not required to pay federal income

taxes or who pay such a small amount that they only partially benefit from the tax credit, one can see that the child care tax credit does not benefit all families equally (Olmsted & Weikart, 1989). Therefore the prime beneficiaries from the tax credit are middle to upper-income families (Rice, 1990).

The other source of federal support for child care is Title XX which became law in 1974 (Zigler & Lang, 1991). Originally, the federal government contributed 75% of the funding, and the states contributed 25%. In 1981 the program was cut back 21% at the federal level; the states were no longer required to contribute, resulting in many children being dropped from the program because of more limited eligibility requirements. Funding has since increased but still does not match the original level of the early 1980s (Rice, 1990). By 1987, Title XX appropriations were less than they had been the previous decade, State and local governments in some areas used their own resources to help needy residents with child care expenses; however, changes in Title XX hurt poor families (Zigler & Lang, 1991).

A third and smaller program also became law. This program was the Dependent Care Assistance Plan, which enabled parents to deduct child care expenses from their

taxable income through their employers (Zigler & Lang, 1991).

Head Start is another federally funded program aimed at low-income children. The purpose of this program is that of preparing children from very low-income families for school by focusing on reading and positive social interaction (Rice, 1990). In 1989 Head Start served approximately 450,000 children; this number represented less than 20% of those children who were eligible (Hayes et al., 1991).

The urgency of the unmet need for adequate, affordable child care across the country and among all income levels has sparked intense national debate concerning child care policy (Delcoco, 1988). According to Zigler and Lang (1991) and Delcoco (1988), Policymakers' avoidance of child care problems came to an abrupt end in 1988 when more than 100 child care bills were introduced in Congress, reflecting a growing national consensus that American families need help balancing their family and workload responsibilities. Policymakers, child development researchers, the business community, service providers, and parents were particularly concerned about the kind and quality of day care available (Delcoco, 1988). By this time over 60% of mothers held outside jobs, making families with

working mothers the clear majority in America. With the divorce rate hovering around 50%, many of these working women were the source of support for their children. In these healthy economic times, business leaders were complaining they were unable to keep up with increasing demands for services and goods because of a serious labor shortage. As a consequence, children's advocates were worrying aloud about the effects of supplemental care and the need to insure quality in the child care environment (Zigler & Lang, 1991).

Senator Cranston was one of the original sponsors of the Act for Better Child Care. This was the first comprehensive child care legislation to go before congress since 1971. This bill proposed an initial cost of \$2.5 million for the first three years with a 20% matching fund provision to encourage states to improve their child care services. In 1989 the Senate passed a modified version of the ABC bill (Miller, 1990). The ABC bill subsidizes child care for low-income families. This bill also provided funds to improve the training of child care workers and established minimum federal standards for child care providers (Rice, 1990). "The required involvement of the states departs from the traditional liberal view that all citizens have a right to equal economic opportunity and that it is the

responsibility of the federal rather than the state or local government to protect this right. This liberal support for state involvement is an acknowledgement that the federal government cannot do it alone. Child care is a federal, state, and local problem. The solution must arrive on all those levels" (Miller, 1990).

A much more modest bill was introduced by Senator Orin Hatch. His \$300 million plan was to be used to improve the quality of family child care facilities without imposing federal standards. Also, it would have provided incentives to businesses to help with employees' child care expenses, and assist caregivers with rising insurance premiums. Perhaps the most significant aspect of Hatch's "Child Care Services Improvement Act" was that it was sponsored by a conservative senator from a conservative state, Utah. Hatch's open concern about the problem of child care, a problem conservatives had successfully swept under the rug in 1971, encouraged many more lawmakers to enter the arena carrying the colors of working mothers, their children, and caregivers (Zigler & Lang, 1991).

Other bills introduced that session addressed various aspects of child care, from increasing services in rural areas to placing responsibility for child care within the expertise of the established school system.

Despite the varied menu, or perhaps because of it, no major child care legislation was passed by the time the 100th Congress adjourned. Child care issues again took center stage during the 101st Congress (Zigler & Lang, 1991).

On March 29, 1990, the House passed H.R. 3, the Early Childhood Education and Development Act of 1990. This bill authorized \$1.75 billion in federal funds to states in order to help parents pay for child care and improve its quality and supply (Zigler & Lang, 1991).

A consensus is emerging among policymakers and the general public that investment in high quality child care for young children benefits our entire society and that the costs of such care are too high for parents to bear alone (Delcoco, 1988); however, child care is still overwhelmingly a private responsibility, and there is little institutional framework to use in building a public system for young children (Grubb, 1988). Mechanisms that have been proposed to subsidize child care are: direct tax credits for families, incentives to employers, state-administered grants, and subsidies embedded in welfare reform legislation (Delcoco, 1988). During 1988, 28 states provided some funding for early childhood education programs (Olmsted & Weikart, 1989). Once passed, any federal day care legislation will

influence several sectors of our society. For example, taxpaying citizens whether or not they have children who would benefit from the services will be impacted by this legislation (Garrett & Garrett, 1979). Thorman (1989) has suggested that, "the lack of progress in providing good day care in the U.S. can be attributed to a vacuum of leadership at the national level. There has been no viable effort to clarify the issues, set precedents, or forge consensus that is needed to enact legislation" (p. 10). Grubb (1988) has observed that the lack of an institutional child care framework presents both promise and danger. The promise is that it will be easier, without an existing institution dominating early childhood programs, to develop a system, considering carefully the alternative policies and choosing those which best serve the interests of children. The danger is that, since the federal government and the states have so little experience with programs for young children, legislators will be unable to grapple with the full range of options and to choose among them on the basis of clearly-articulated goals, and will instead rush under the pressure of "doing good" to some expedient but inappropriate mechanisms (Grubb, 1988).

According to Olmsted & Weikart (1989), U.S. policy regarding families with young children is based on the

idea of noninterference in family affairs relating to the care and education of children. Traditionally, there has been a consensus that the family as an institution should remain independent of government, unless special circumstances warrant otherwise. The policies that do exist at present are intended to promote family choice in the selection of child care and to encourage the development of many forms of child care services. Senator Metzenbaum said "the Federal Government has been asleep at the switch" (Senate Subcommittee on Labor and Human Resource, 1988, p. 1).

The federal government encourages employer-sponsored child care through the provision of incentives to employers. In 1981, U.S. legislators established a tax advantage program for employers, entitled the Dependent Care Assistance Plan (Olmsted & Weikart, 1989). The program allows an exclusion from gross income for the value of employer-provided child-care services. Also, it is provided for a depreciation system for employers who improved their facilities by creating on-site or nearby child care centers for employees' children (Kahn & Kamerman, 1987).

Finally, changes in the tax laws today allow employers and employees to develop flexible plans that shift salary monies from direct payment to various benefit

plans that include child care services (Olmsted & Weikart, 1989).

Business

According to the U.S. Commerce Department, by the year 2000, 38 million new jobs will be created in this country. The bad news from the Department of Labor (DOL) is that this job growth will not be accompanied by growth in the labor force. The DOL has predicted that a growth rate in the work force of as little as 1% per year. This will force employers to address employee demands, including dependent care ("Demographics: Driving", 1989).

According to Zigler and Lang (1991), regardless of the reason a mother chooses to work, the fact is that mothers do work and will continue to work. As the current shortage of labor intensifies, estimates are that two out of three new jobs created within the next ten years will have to be filled by women, most of whom are of childbearing age and will become mothers during their working lives.

As of 1989, only 10% of employers provided any kind of child care assistance, and only 1.6% of private employers sponsored day care facilities. Almost twice that proportion (3.1%) provided child care

reimbursement. Child care facilities are more prevalent among public employers; 9.4% of government employers provided day care, while the percentage providing child care reimbursement was similar to the private sector. The most common form of child care assistance by employers has involved providing counseling and information, rather than direct cash outlay ("Demographics: Driving", 1989).

In 1986, the U.S. Small Business Administration (SBA) put out a pamphlet entitled "Quality Child Care Makes Good Business Sense" in which they encouraged employers to offer effective child care benefits in order to compete for and retain quality employees. "You can take a giant step to strengthen your business and upgrade its attractiveness to employees, recruits, customers, and others by having a policy and a program on child care" (p. 2). The pamphlet lists the following options available for direct or indirect child care assistance:

- Contract with local, licensed child care centers;
- Pay a licensed child care center directly and negotiate in advance for reduced fees or preferred enrollment for employees; give vouchers for all or part of expenses at a licensed center of their choice;
- Pay directly to employees for all or part of child care expenses;
- Offer child care assistance as an option in a plan that allows employees to choose programs that suit their needs;
- Develop an on-site or near-site child care center owned/operated by your business;
- Develop an on-site

or near-site child care center sponsored by a group of employers; Offer information and referral; Offer flexible working arrangements; Provide paid or unpaid leave available to mothers and fathers to supplement disability leave for childbirth; and offer parent education seminars, or direct employees to local courses to help them balance work and home obligations" (Small Business Administration, 1986, pp 2-3).

AMERICA 2000 also encourages businesses to develop policies which support families with young children. Some of the ways employers can help are through job-sharing, flexible scheduling, parental leave, on-site child care, resource and referral services, and parent education luncheon seminars. Not only will these strategies improve the lives of young children, they will relieve employee stress, enhance job performance and aid in employee recruitment and retention. Employers are urged to strive for a better balance between work and family life (U.S. Department of Education, 1991).

Jack Brozman, President of La Petite Academy, spoke to the Senate Committee on Finance (1989) in favor of tax credits for employer sponsored child care, "although some businesses have recognized the benefits of providing onsite care, additional tax incentives are needed to encourage wider use of employer-provided care".

Because of the growing demand in the day care

industry, many opportunities exist for potential small business owners. Parents now place a high value on quality child care and are willing to search for the best care providers (Rice, 1990).

CHAPTER III

Summary of Findings

This study examined the current state of child care in the United States and attempted to answer the following questions:

1) Why is child care needed today more than ever, and are those needs being met by the current system? The experience of growing up in the United States is different for children in the late 1980s and the 1990s than it was for children of previous decades. Today more children than ever before spend time in the care of adults other than their parents (Hayes et al., 1990). A close look at the child care supply in the United States reveals a growing need that cannot be adequately met by the existing patchwork of services. There is no single right answer; there is no simple solution. Our hesitation as a nation may reflect this awareness (Miller, 1990). The future of America's children, however, is at stake. Their well-being demands careful planning that will replace the present patchwork of day care that fails to meet the need and replace it with a system of universally available, high-quality day care (Hayes et al., 1991; Zigler & Lang, 1991).

2) What are the controversies facing child care

today and how are they viewed by those in the field? There is no strong political movement on behalf of day care programs (Ames, 1992; Daniel, 1990; Delcoco, 1988; Thorman, 1989; Zigler & Lang, 1991). According to Thorman (1989), this is in part because the United States is still not fully committed to the equal participation of women in the labor market. As long as there is still debate as to whether women should work, the possibility of moving forward to provide high-quality day care is problematic.

There are also concerns as to whether the federal government should regulate day care or if it should be left up to the states as it is today. Although regulations would hopefully increase quality, it would also increase the cost and decrease the availability (Hayes et al., 1991).

3) Knowing the importance of quality in child care, why are child care programs not living up to the known standards of quality? Currently there is no centralized program to provide quality child care to all children in the United States (Miller, 1990). Mothers and fathers have turned over the supervision of a large part of their children's waking hours to a vast mixed system of child care. The system is subject to few controls, has lacked sustained

national commitment, and varies significantly in quality from excellent to harmful. The concern about the current child care system's ability to provide even the minimal environment necessary to support the healthy growth and development of the nation's future citizens appears to be growing (Zigler & Lang, 1991).

Melaville and Blank (1991) believe local schools, health and welfare agencies, youth service agencies, community-based agencies, community-based organizations, and others must join forces on behalf of children and families, and offer guidance based on emerging experience about how they can move forward together. They believe better services and improved outcomes for our nation's children and families will be the result of participants from human services and education systems realizing the degree to which they are capable of supporting and enabling each others efforts. According to Melaville and Blank (1991), as a nation we fail to meet the needs of our children because our current system breeds failure. Our services are crisis oriented as opposed to prevention oriented. Services are administered by dozens of agencies and programs, each with its own particular focus, source of funding, guidelines, and accountability requirements. Agencies with pronounced dissimilarities in professional

orientation and institutional mandates see each other as the opposition. In conjunction with all of the previously mentioned problems, existing services are insufficiently funded.

4) What has the federal government done to improve the state of child care across the nation?

Federal and state officials have given little attention to solving the problem and without leadership at the federal level, the situation becomes more intolerable each year. The mounting pressure for day care and the lack of high-quality care facilities constitute a true crisis and demand new solutions. Social workers, psychologists, working parents and a concerned public are now looking to private industry or federal and local government to get on with a sound and viable plan for meeting the need. There are signs that legislators are beginning to realize that providing good child care is not solely the responsibility of working parents (Thorman, 1989). Kisker et al. (1991) believe that recent state and federal child care legislation and the increasing emphasis on early childhood education in the nation's goals are likely to lead to further growth in the early education and care options available to parents.

5) Why has the business sector taken an interest

in child care?

As increasing numbers of women and mothers enter the work force, the care of their young children has become a special concern to parents and their employers (Hayes et al., 1990). According to Mishel and Frankel (1990), the problem is not that more women and mothers are going to work, but that so many are doing so because it is the only way to maintain the family; these families need adequate child care. Employers plagued by problems of absenteeism and loss of production among women, now realize that affordable and reliable day care will make their business more efficient while it also serves an important social and humanitarian purpose (Thorman, 1989).

Conclusion

The conclusions drawn from this review of the literature are as follows:

1. There is a general agreement that mothers are in the labor force to stay and therefore their children need to be cared for in safe and healthy environments (Hayes et al., 1991; Daniel, 1990; Delcoco, 1988; Thorman, 1989; Zigler & Lang, 1991).

2. Debate over who should provide care, who should pay for it, and who should regulate it is angrily

discussed in Congress, state legislatures, city councils, and in corporate boardrooms (Hayes et al., 1991). Collaboration efforts can mobilize the energy and resources within separate sectors, and provide the quality, comprehensive services children and families need to go as far as their talents and industry will take them (Melaville & Blank, 1991).

3. Despite the changes taking place in today's society, young children have the same basic needs they have always had: "adequate nutrition, safe shelter, appropriate health care and supervision, and nurturing by familiar adults who are responsive to the uniqueness of the individual child from the moment of birth" (Delcoco, 1988, p. 2).

4. Allowing states discretion in structuring programs funded with federal monies was well-established during the 1970s and 1980s, in such diverse programs as the Job Training Partnership Act for vocational education, the Social Services Block Grant, the Education Block Grant, Aid to Families with Dependent Children, and Medicaid (Grubb, 1988; Senate Committee on Finance, 1989). The likelihood that Congress will take the same approach in any new early childhood program seems high. States need to begin the process of considering how they should design their early childhood

programs. Each state will need to develop a different approach, suited to its governing structure, the nature of local governments, the existing early childhood programs, and the political power structure (Grubb, 1988).

5. Daniel (1990), Thorman (1989), Zigler and Lang (1991) all describe the day care problem as having a snowball effect. Day care is not just for children, it's for working mothers. It's for fathers, so their wives can help support the family. It's for families, so their children can grow up in a healthy environment. And it's for people who don't have children, so the economy can run smoothly."

Child care problems can dampen a company's competitiveness. Employers need to be aware of the day care services available in their community and offer their employees help in finding quality child care so they can work with peace of mind (Levine, 1989).

In summing up the previous conclusions, whether day care is available or not, the economic pressures on the family will continue to swell the number of women who work and will need out-of-home care for their children. If society does not develop plans for meeting this need in the future, everyone will suffer the serious consequences of our failure to provide affordable and

quality day care (Thorman, 1989).

Recommendations

Based upon the previous conclusions, I recommend the following:

1. The debate should no longer focus on whether child care is an issue that the federal government should address; the questions should be "How?" and "When?" will the federal government provide the necessary help to assure the safety of our children and America's future (Willer, 1990). More and more working parents have to face the frustrating business of finding adequate day care for their children. This is a serious concern for parents and now represents a real crisis. Unless the problem is resolved, the well-being of millions of our children will be seriously threatened (Thorman, 1989).

2. The American populace must be made aware of the necessity of day care in today's society. The nation must be forced to acknowledge that change has taken place in the way young children are being raised in the United States. The history of the child care system shows that changes have rarely taken place, as they did with Head Start, because society set out to improve the environment in which children develop. They took place

because the nation responded to children's needs only on an emergency basis. Attempts to legislate thoughtful plans have failed because there was no corresponding change in attitudes about the role of society in assisting families with the care and education of young children. If perceptions of the private lives of families and understanding of the public good continue to clash in social legislation, future failure is assured (Zigler & Lang, 1991).

3. Day care should be expanded, but it should be expanded gradually. If day care is expanded too rapidly, not enough attention will be given to quality and to human needs. Adequate and qualified personnel must be available; recruiting and training day care workers takes time (Thorman, 1989). Since children and families vary and since human relationships form such an important element of good child care, policymakers must find ways of assuring child care which could be broadly applied, yet not stifle needed diversity in programs. Regulation, accreditation, and consumer education are three approaches to this challenge (Delcoco, 1988).

4. The nation must step back and assess the current system of early childhood care and education services available in the United States. The system must be assessed in terms of its ability to meet the

needs of young children and their families, in terms of its viability as an employment system for adults, and in terms of its relationships with other societal systems, such as employment and education. Most important, we need to assess the impact of the system on the children it is serving, to insure that we have developed a system that will help children develop and grow into productive adult members of the American society (Olmsted & Weikart, 1989).

Concerns about the health and destiny of a nation's citizens are as applicable to children under five as they are to children of school age. America is losing ground as a leading industrial world power. We need a capable populace to develop and produce advanced technologies. That capability must be nurtured in all our future citizens, not only when they enter school, but from the day they are born. Once providing education was considered an investment in an informed electorate; today providing quality child care is seen as an investment in human capital. It is hoped that this concern with future employees will have the same impact on the child care system as concern with democracy had on the institution of the public school (Zigler & Lang, 1991).

5. The financial apparatus established for funding

child care should be eclectic: there should be financial input at the federal, and possibly the state and local levels. Under federal guidelines, there should be a degree of local autonomy in management and implementation processes. There should be maximum local participation in all established programs to include parental and community involvement. Programs should maximize effectiveness while being child-centered and responsive to the individual needs of the parent and child (Garrett & Garrett, 1979).

Before states can even consider options for funding, they face a crucial set of decisions about the nature of programs to be provided: which children should be served, and which types of programs should be provided? Decisions about funding levels are important and political. Choices about which children are eligible and how many hours to operate will affect costs, of course. However, decisions about funding levels - what level of cost per child to support from public sources - are simultaneously choices about levels of quality, particularly through the affects of funding on adult-child ratios and on salary levels; the trade-off between costs and quality are inexorable in early childhood education (Grubb, 1988).

Nobody thinks the Federal Government should run

child care. Obviously, States and local government run schools, and States and local government in the private sector run child care and they should. But it is also obvious that a Federal Government that has concerns for pesticides and cares about food and drugs and pays attention to occupational safety should not spend money without concerning itself with standards as well. We are talking about a modest Federal structure to give leadership and share experience and the support of some State infrastructure for standards (Senate Committee on Finance, 1989, p. 8).

6. New day care facilities must become a national priority. According to Senator Metzenbaum, the problem of affordable, quality day care is a soluble problem. It has been put at the bottom of the list for too long. Day care is a problem that can be solved and should be solved with the aid of the Federal Government. Metzenbaum contends it is good business for the Federal Government to make it possible for men and women to be a part of the work force and producing income and paying taxes, rather than being home and being on some kind of costly program (Senate Committee on Labor and Human Resources, 1988).

There is a pressing need for a vastly expanded national investment in our children and families. This commitment must include not only increased support for comprehensive service delivery, but vigorous efforts on the part of government and business leaders to revitalize our country's economy and create many more opportunities for families to find productive employment

at a decent wage (Melaville & Blank, 1991).

7. Society needs to make two basic commitments in regard to child care. First, every child deserves a total environment - including home, school, and child care setting - that is of high enough quality to support healthy growth and development. Second, a democratic society must guarantee parents, who have always had and still have the major responsibility for raising children, that they will have real choices in how they balance work life and family life. When families are able to achieve the balance that best meets their individual circumstances, the nation will be better able to balance the needs of its children and their families with all of society's other needs (Zigler & Lang, 1991). "If mothers and fathers can work and know their children are secure, then they produce more taxes for the Government and reduce the deficit" (Senate Committee on Labor and Human Resources, 1988, p. 2).

8. While there is a great deal of federal funding currently underway for child welfare, there is also a lack of federal coordination of the myriad of services and programs offered. There should be a massive program aimed at coordination of all extant federal programs and monies currently provided for child care. There must also be local community involvement (Garrett & Garrett,

1979). Parents are the primary providers of care for their children. American parents who have the task of raising future citizens need both financial and emotional support (Delcoco, 1988).

9. Incentives must be created to encourage state involvement in establishing national regulations for the provision of child care services and preschool education. The federal government must establish a national-level task force to bring together representatives of the states, the relevant professional organizations, service providers, and appropriate federal agencies to review current knowledge from child development research and professional practice (Hayes et al., 1991).

10. There is no single policy or program that can address the child care needs of all families and children. The nation needs a comprehensive array of coordinated policies and programs responsive to the needs of families in different social, economic, and cultural circumstances and to children of different ages, stages of development, and with special needs. Responsibility for meeting the nation's child care needs should be widely shared among individuals, families, volunteer organizations, employers, communities, and government at all levels. All policies should affirm

the role and responsibilities of families in childbearing. Governments, community institutions, and employers should support rather than detract from that role (Hayes et al., 1990).

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