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COFO

Consortium of
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Family Policy Report

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Issued three times a year to assist policymakers in evaluating legislation and social programs from a family perspective.

The Child Care and Development Block Grant Program: A Family Impact Assessment

In the closing days of the 101st Congress, lawmakers reached agreement on a comprehensive new child care package and incorporated it into the Omnibus Budget Reconciliation Act of 1990 (OBRA), P.L. 101-508. The centerpiece of this package was a new program of grants to states, the Child Care and Development Block Grant (CCDBG). Many child advocacy organizations have published excellent information related to this new program and on child care in general. However, the perspective of parents and other family members is often not well articulated in these reports. Thus, the purpose of this report is to provide a family perspective on the issue. What are parents' needs for child care? What kinds of assistance do they need and in what form? How can government policy best support and enhance families' roles and responsibilities in seeking others to care for their children? This issue of the *Family Policy Report* offers a family impact assessment of the CCDBG, with a particular focus on several complex implementation issues. The assessment is based on application of the family criteria and family impact questions developed by the Consortium of Family Organizations (COFO) (See *Family Policy Report 1:1*).

What Are the Family Issues Regarding Child Care?

Child care programs and policies must take into account the needs of individual families and the preferences of parents who are the consumers of child care. Below is a summary of some of the primary family issues in child care.

- The demand for child care results from a family's decision about whether the caregiver parent (usually the
- mother) should become employed and about who should care for the child in her place. These decisions require families to weigh the various costs and benefits of employment and of the types of child care available. But many parents, especially low-income parents, single parents, and those on welfare, have little or no choice about whether to work nor about what type of care to use, given the shortages of certain types of care in many communities.

- For many low-income families child care is an economic necessity. Expenditures on child care for one child in households with incomes below \$15,000 often consume as much as 23% of a family's income. Thus, increases in the price of child care or loss of child care subsidy can plunge a family into welfare dependency or force parents to place their children in cheaper, but less satisfactory, child care arrangements. Through the 1970s and 1980s, however, it was federal child care subsidies that primarily benefited the middle class—namely, the Dependent Care Tax Credit—that were increased, not child care programs targeted for low-income parents.
- Parents' choice of child care for their children almost always involves some tradeoffs. Unfortunately, affordable, high quality child care, with convenient locations and hours, is not always available. Parents must make difficult decisions weighing the quality, cost, and convenience of the care available, sometimes making compromises they are unhappy having to make.
- Which child care option parents choose also seems to depend greatly on the age of their children. Overall, it

What Criteria Should Be Used to Implement a Family Perspective?

COFO recommends that the following six principles be used as family criteria to guide policymaking (for more information, see the first issue of the *Family Policy Report*):

1. **Family Support and Responsibilities:** Policies and programs should aim to support and supplement family functioning and provide substitute services only as a last resort.
2. **Family Membership and Stability:** Whenever possible, policies and programs should encourage and reinforce family, parental, and marital commitment and stability, especially when children are involved.
3. **Family Involvement and Interdependence:** Policies and programs must recognize the strength and persistence of family ties, even when they are problematic.
4. **Family Partnership and Empowerment:** Policies and programs must consider families as partners when providing services to individuals.
5. **Family Diversity:** Families come in many forms and configurations, and policies and programs must take into account their different effects on different types of families. Policies and programs must recognize the diversity of family life, neither discriminating against nor penalizing families solely for reasons of structure, roles, cultural values, or life stage.
6. **Targeting Vulnerable Families:** Families in greatest economic and social need and those judged to be most vulnerable to breakdown should have the first priority in government policies and programs.

appears that the more intimate settings of family day care and relative care are most attractive to parents of infants and young children under age 3. As children reach the preschool years of 3-4, parents are more likely to place them in center care where child development activities are more formally promoted. A recent national survey found that only 20% of families with children

under age 3 in which the mother is employed used center care, whereas for the group with children aged 3-4, 43% used center care (Willer, *et al.*, 1991).

- Studies show that parents consider warm, loving care from someone they trust to be a more important factor in their choice of child care than more measurable quality factors cited as standards by professionals, such as child/staff ratios and staff training. Parents overwhelmingly identify personal characteristics of providers — “warm, loving care” and “known to the family” — as the most important qualifications for child care providers (39% for center care users, 52% for users of family day care). Eighteen percent of those who choose center care identified “goals of the program” (school preparation, promotion of child development) as the most important criterion, while only 2% of family day care users said this (Willer, *et al.*, 1991).
- The diversity of family circumstances requires diversity in child care options. Families may need child care that is part-time or irregular, available during non-standard work hours and holidays, or convenient to public transportation, for example. Additionally, parents are often interested in child care arrangements that can provide care for moderately sick children or for children with special needs. Many families find informal care arrangements with relatives or friends or family day care to be more accommodating to their individual needs.
- Families need stability and continuity in their child care arrangements. For very young children, in particular, continuity of the caregiver is important to the child’s developing sense of security and well-being. Parents need child care arrangements that are stable and dependable in order to meet their job or job training responsibilities.
- All consumers need information and education to make good choices. Typically, families rely on informal networks of friends and relatives to find child care. In the same survey, only 10% found care through a child care resource and referral center (Willer, *et al.*, 1991). However, by relying solely on informal sources, parents may miss out on finding out about child care options that would be better suited to their needs. In addition, resource and referral centers are a source of consumer protection information. They can help parents understand and identify the components of quality care and tell parents when and to whom to voice any complaints about unsatisfactory caregivers.

- Increasingly, child care programs are going beyond simply providing parents with a child care service to become truly family-centered. These programs recognize that the child's growth, development, and well-being are best achieved when the caregiver and parents work together in a partnership. In these centers, parents are involved in planning and setting policy for the center, may volunteer in the program, and are provided many opportunities to communicate their interests and concerns about their child to the child care staff. In addition, some family-centered programs help meet parents' own needs by providing workshops to help them improve their own literacy, learn new parenting skills, and receive some job-related training. Such programs can also refer parents to community agencies for other services that their families may need.

Guiding Recommendations from a Family Perspective

Based on this family perspective and drawing on COFO's family criteria, COFO recommends the following guiding principles for child care programs and policy:

- Target low-income families, especially those headed by a single parent, for child care subsidies.
- Expand the supply and range of child care available so that families can have more options to choose from.
- Recognize and support the diversity of child care arrangements that parents use and need.
- Be coordinated at the local delivery level to prevent interruptions in service or undesired changes in care arrangements for families as their eligibility shifts among programs.
- Encourage the development of *family-centered* child care.
- Encourage resource and referral programs to reach out and provide services to families of all income levels.
- Provide information to child care consumers (parents) about what factors to look for when judging the quality of child care.

The Supply of Child Care

While the supply of child care has, in general, responded to the greatly increased demand, there is general agreement that there are serious shortages of care in some areas and definite shortages for certain types of care, including care for infants, care for children with special needs, and care that is available beyond standard working hours. In addition, while all families would prefer to spend less on child care than they do, the price of care is unacceptably high for many poor families who must pay 25% or more of their income on care for only one child.

Quality of Child Care

There are many components to quality—the most basic being to assure minimum standards to protect children's health, safety, and nutrition. States are now able to refer to some new national guidelines on health and safety standards issued by the American Public Health Association in collaboration with the American Academy of Pediatrics (APHA & AAP, 1992). Beyond these factors, professional standards and state regulations pertaining to quality are generally concerned with issues of adequate adult supervision (staff/child ratios), limited group size, appropriate staff qualifications, and developmentally appropriate curricula. Additional issues concern continuity and stability of caregivers, convenience, and parental access and involvement.

A recent national survey found that the average group sizes and staff/child ratios reported by centers fall within the middle to upper ranges recommended by early childhood professionals, and three-quarters of centers and regulated family day care homes meet state regulations. Much less information is available about the quality of informal care. However, it is known that on at least one criterion—group size—informal, nonregulated care does better than regulated care (Willer, *et al.*, 1991). Smaller studies and field reports suggest that some formal and informal care does not meet even minimal standards and that many caregivers are not providing the level of care that meets professional standards of quality.

Regulation and Enforcement

Although state and local standards regulating child care vary substantially across the country, the overall trend in recent years has been to strengthen health, safety, and quality standards and to bring family day care homes into the system of regulated care. Most states still only regulate homes

serving large numbers of children, yet most children are cared for in homes with relatively few children (usually 3-5). Some states have adopted higher licensing standards for programs receiving public dollars. Group size and child/staff ratios are often considered by professionals to be the primary determinants of quality care, but raising these standards can greatly increase the costs of care, making it prohibitive to low-income families unless the state can provide them with higher subsidies. States, therefore, must balance the competing demands of quality improvements, increased availability, and affordable cost.

Even with higher standards, regulations are only effective if they are properly monitored and enforced. A recent study by the U.S. Department of Health and Human Service's Office of the Inspector General found that, overall, only 43% of licensed or registered family child care homes were inspected in 1988. Fifteen states only inspected a sample of between 10-50% of the homes. In seven states, inspections are performed only if a complaint is lodged. Additionally, even if serious problems are identified in a center, taking legal action against the violator can be difficult, time consuming, and expensive, and many states lack administrative authority to suspend a license, fine a violator, or close a center (Thompson & Molyneaux, 1992).

Background of the 1990 Legislation

Across the political spectrum, there has been a growing consensus regarding the need for increased federal support of child care, especially for low-income families. Despite vigorous debates and controversies over differing proposals, agreement was reached in 1990 on a four-part package of legislation. Embedded in this package are several somewhat different views of the primary purpose of child care. The controversies over how the new block grant, the CCDBG, should be implemented largely reflects the differences in these goals:

- Is federal assistance for child care primarily a vehicle to allow caretaking parents to be employed outside of the home, thereby helping some families to leave the welfare rolls and others to avoid poverty?
- Is federally-funded child care primarily a way to help low-income and otherwise disadvantaged children have access to high quality, developmentally-oriented programs?
- Should the government encourage or enforce a national

minimum standard for quality child care because children may suffer from low quality, unregulated care?

- Should the government help maximize parents' options in seeking child care? Does this include enabling one parent of a two-parent household to stay home and care for children?

While the federal government's role in supporting child care may well serve multiple purposes, each goal suggests a different policy strategy or emphasis that may compete with others. With limited resources, tradeoffs need to be made. For example, if the prime goal is to increase the supply of child care, quality may suffer. On the other hand, making child care more affordable may be inconsistent with raising quality.

We now provide some background on the block grant legislation and regulation. Those already familiar with these policies may wish to skip to page 7 for the family impact assessment.

The Federal Child Care Package of 1990

After years of debate and the consideration of a number of proposals, including Senator Dodd's Act for Better Child Care (ABC Bill) and the Bush administration's tax credits for low-income families, a compromise between these varied goals and strategies was reached with the passage of the Omnibus Budget Reconciliation Act of 1990 (OBRA), P. L. 101-508, in October 1990. The package of child care and related programs had four main parts:

- The Child Care and Development Block Grant (CCDBG), authorized at more than \$2.5 billion over three years, is a new formula grant to states requiring no state match. Within certain parameters, states are given considerable flexibility concerning how they spend the funds.
- A new capped entitlement grant program for the states under Title IV-A of the Social Security Act, Jobs Opportunities and Basic Skills (JOBS) program, is funded at \$1.5 billion over five years. It expands the eligibility for child care assistance authorized under the Family Support Act beyond those enrolled in the JOBS program (or in transition out of the program) to include "low income, non-AFDC families that the State determines (i) need such care in order to work; and (ii) would otherwise be at risk of becoming dependent on AFDC." Unlike CCDBG, this program requires a state match.

- Expansion of the Earned Income Tax Credit (EITC) amounting to \$18 billion over five years. While the expansion of EITC does mean that working families with children, especially those with low incomes, will have more money to spend on child care, this is more of an income transfer program than a child care program, providing direct income subsidies to low-income, working families with children.
 - Reauthorization and expansion of the Head Start Program, creating an authorization level of \$7.6 billion by FY1994. Although Head Start—the almost universally acclaimed child development program—is not strictly a child care program, this large increase in funding will increase the number of children participating and allow for greater spending on children already in the program. It will also allow for the creation of full-day programs or programs that coordinate with each other to create, in effect, full-day child care services.
- school care services. This twenty-five percent set-aside is broken down further:
- 75% (18.75% of the total funding) must be used to establish, expand, or conduct, through grants and contracts, early childhood education and/or before- and after-school services. The funds are available to any public or private provider.
 - 20% (5% of the total funding) must be used for any of the following quality improvement activities: resource and referral services, grants or loans to help providers meet applicable state and local standards, monitoring compliance with licensing and regulatory requirements, providing training and technical assistance in areas such as health and safety, nutrition, and child abuse detection, and improving salaries and benefits for child care staff in funded programs.
 - 5% (1.25% of total funding) for either quality improvement or early childhood development and before- and after-school programs.

The Child Care and Development Block Grant of 1990

CCDBG established a new state block grant program for child care that authorizes \$2.5 billion to states over three years (\$750 million in FY1991, \$825 million in FY1992, and \$925 million in FY1993). The appropriation for FY1991 was \$731.9 million and for FY1992, \$825 million. The President's proposed appropriation for FY1993 is \$850 million. The grants are allocated under a formula and do not require a state match. The funds must be used to supplement, not supplant, existing federal, state, and local support for child care.

Seventy-five percent of the funds must be used for child care services provided to eligible children and for activities to improve the quality of child care. The Act provides states with some latitude in determining how to use these funds, stating that a "preponderance" of the 75% must be spent on child care services. The Act calls for sliding fee scales with children from families with very low incomes and children with special needs being given priority. Families are eligible to receive assistance if the children are younger than 13 and the family makes less than 75% of the state median income level. The parents must be working or enrolled in a job training or educational program.

The remaining 25% of the funding is reserved to improve the quality of child care and to increase the availability of early childhood development and before- and after-

Parental Choice and Involvement

The Act requires states to fund child care services in two ways in order to give parents options from which to choose: (a) grants or contracts to providers of spaces in child care programs and (b) certificates or vouchers that parents will give to eligible providers to be used as claims for payments from the state. Along with licensed and regulated providers, eligible providers include informal—and typically unregulated—care given by friends, relatives, neighbors, or church-based centers, which some states exempt from regulation. Providers who are not otherwise licensed or regulated must register with the state.

Along with encouraging parental choice, the Act spells out other rights of parents that the states must ensure: allowing parents unlimited access to their children when in the care of a provider, requiring providers to maintain public records of substantiated parental complaints, and making available consumer education information regarding licensing and regulatory requirements and complaint procedures.

Regulation

The Act requires all providers receiving funds to register with the state and comply with applicable state and local laws. The states are also required to establish basic health and safety requirements relating to disease prevention (including immunization), building and physical safety standards, and minimum health and safety training for providers.

While most, if not all, states already regulate in these areas for centers and formal family day care, informal care is left largely unregulated. The Act does not prescribe mandatory requirements for such quality standards as staff/child ratios, group size limits, or minimum staff qualifications. (Proposals for imposing federal quality standards in earlier versions of child care legislation were very controversial.)

Administration

Each state's block grant is to be administered by a lead agency designated by the state's governor. States are required to make an annual report to the Secretary of Health and Human Services, which should include information on the number of children being served by the block grant as well as by other federal child care and preschool programs; on the type and number of child care programs, providers, caregivers, and support personnel in the state; on salaries and benefits paid to child caregivers; and on the extent to which affordability and availability of child care services has increased.

Summary of CCDBG Interim Final Rules

On June 6, 1991, the Department of Health and Human Services' newly formed Administration for Children and Families (ACF) published an interim final rule implementing regulations for CCDBG.

Both the rules themselves and the manner in which they were published caused controversy. By not first offering proposed rules, the government's interim final rules became effective immediately, before the public was able to offer comments. ACF justified this unusual action by noting the short amount of time between the enactment of the legislation in late 1990 and September 1991, when the funds were to be made available to states. States are implementing the grant under the interim rule until final regulations are published, which may be as late as Spring or Summer of 1992.

Among the most controversial provisions of the interim final regulations are the following:

- Interpreting the Act's language that "a preponderance" of the 75% set-aside be spent on direct child care services to mean requiring a specific, federally determined percentage. The regulations mandate that 85% in the first two years and 90% thereafter be spent on the direct provision of services, leaving as little as 10% for all other expenses: quality improvements, administrative costs, etc. States and child advocates consider this

regulation to be inconsistent with the flexibility seemingly granted in the Act.

- Prohibiting states from using differential reimbursement rates for different types of providers within the same category of care. The government's rationale for this is that differential rates do not accurately reflect the cost of care and may lead to inequities within categories of care and between regulated and nonregulated care. Many states offer higher reimbursement rates to licensed family day care providers than to exempt family day care, in-home care, or relatives, and many provide higher reimbursement to professionally accredited child care centers or to child care centers that provide Head Start-like comprehensive services. Some advocates believe the higher reimbursement rate may act as an incentive to the provider to improve quality and have higher standards of training for providers. In addition, some states argue that the differential rates do reflect real cost differences due to differences in quality and setting. Others, however, question whether informal family day care homes or church-sponsored centers exempted from regulations do provide lower quality. Therefore, they believe it would be unfair to reimburse them at a lower rate.
- Withholding grant funds if a state's regulations for health, safety, and registration for providers funded by the CCDBG are found to have the effect of limiting parental choice. States may impose more stringent standards on CCDBG providers than others but not if they significantly reduce parental choice. Registration requirements for unregulated care, such as care by relatives, must be a simple process in order to facilitate the payment process. States are particularly concerned about this regulation because the language is vague ("significantly reduce") and because states would not be told in advance if a policy or process is in violation of parental choice safeguards. Thus, advocates worry that states may be dissuaded from any meaningful regulation of informal care. The regulations reflect the administration's concern that over-regulation will reduce the supply of child care, particularly informal care. Additionally, administration sources have clarified that a state would be found at fault only after evidence that the regulation had, in fact, effectively eliminated a category of care.

It is our hope that some of these controversies and dilemmas posed by the regulations will be resolved satisfactorily in the final regulations. In the meantime, they will be, in part, left to the states to grapple with in the implementation of the new grant program.

Assessment of the Family Impact of the Child Care and Development Block Grant

The following brief assessment, which uses COFO's family impact criteria and questions, highlights some of the complex issues and dilemmas states are facing as they implement the new child care block grant.

1. Family Support and Responsibilities

Does the block grant support and supplement parents' and other family members' ability to carry out their responsibilities?

Yes. The block grant should increase supply and affordability of child care. By providing child care subsidies, it will aid parents who are working or are receiving job training or other education become more able to earn a living and provide for the financial needs of their families. This will be especially so for low-income parents. As noted earlier, one of the greatest barriers to employment is the high cost of child care for low-income families. Combined with the expansion of the Earned Income Tax Credit, CCDBG will certainly help low- to moderate-income working parents (those under 75% of the state median income) better able to meet their financial responsibilities.

On the other hand, parents have other responsibilities toward their children beyond providing them with financial support. *Whether the CCDBG will help families provide their children with safe, nurturing child care that meets their developmental, social, and emotional needs is more difficult to assess.* Critics argue that CCDBG does not do enough to encourage quality, developmentally stimulating child care—that there is too much emphasis on funds to expand services so that mothers can work outside the home, and too little emphasis on improving the quality of care.

Those who most strongly argue for parental choice believe that the market demands made by parents with certificates or vouchers is the best way to ensure quality care and that expanding supply is the most efficient way to provide parents with more options. ACF's interim final rule also asserts that the parental access provision of the Act will be a quality control: "Parents are concerned about health, safety, and the quality of care their children receive; unlimited parental access allows them to identify problems and safeguard their children." Although the requirement that parents have unlimited access to their children in all child care settings is a comforting safety device in theory, most

working parents would not be able to leave work to make unexpected inspections at the child care site.

Since the majority of the money in the block grant is allocated to increasing the availability and variety of subsidized child care, only a small amount is available for quality improvements. The federal regulations define the portion of the Act requiring that the "preponderance of the 75% set-aside be spent on child care" services as meaning that 85%-90% must be spent on increasing availability. As has been noted, some child care advocates and states argue that this is a misreading of the Act—leaving only 10-15% for "all other services," including quality improvement and administrative costs. Some states estimate they will need 15% just to administer the certificate program. They say the Act gave the states greater flexibility in determining how to spend the block grant provided by the interim rule.

2. Family Membership and Stability

Does CCDBG support stability in families and seek to maintain existing family membership and living arrangements?

Yes. In one respect, CCDBG does support family stability and well-being by allowing relatives to participate as eligible providers under the Act (see discussion under Criteria number 3, page 8). The final interim rule's emphasis on "seamless service" is intended to provide increased stability in child care arrangements by requiring coordination among the many existing child care programs. Children need to be able to remain with a single caregiver, who provides both children and their parents with the comforts of continuity, and to have uninterrupted child care assistance. Currently, changes in a family's situation—and, therefore, eligibility for assistance—may cause parents to have to shift their child from one child care program to another.

The regulations define seamless service as being a "fully coordinated service delivery system" that would have common standards — payment rates, definitions of sliding fee structures, contracting methods, and payment methods including parent certificates — across all federally funded child care services, including Title IV-A programs (AFDC Child Care, Transitional Child Care, and At-Risk Child Care) offered to AFDC recipients and participants in education and training efforts. This coordination would make it easier for both families and providers.

Some jurisdictions, such as Fairfax County, Virginia,

have managed to accomplish this ambitious goal, but only with much difficulty (see Golonka & Ooms, 1991). Although seamless service is an admirable goal, the regulations offer no strategies for implementing common standards across all programs and may, in fact, increase the difficulty of doing so. Some contend that the emphasis on seamlessness in the block grant regulations is contradicted by the mandated payment rate requirements of Title IV-A programs' regulations, forcing states to set a rate that may be lower than desired in order to have one common set of rates for all providers. ***The states will need more federal guidance and flexibility in order to coordinate the various types of new and old child care assistance available and the other programs—AFDC, WIC, Head Start, Title XX, etc.—that serve eligible families.*** (There are at least 22 federal programs that presently provide some form of child care assistance.)

3. Family Involvement and Interdependence

How does CCDBG promote involvement of immediate or extended family members?

By making relative care eligible under a certificate/voucher system, the block grant encourages extended family members—grandparents, aunts, uncles, siblings, etc.—to offer their services as caregivers. ***This provision will support and strengthen a system of relative and family care that already exists (especially for teen mothers and the mothers of infants) but is often not subsidized.*** Family care is generally more responsive to a family's needs in terms of nonstandard work schedules and willingness to care for sick children; however, family care may be less reliable than more formal arrangements because it offers no additional support (substitute caregivers, for instance). The statute does not require that grandparents, aunts, or uncles be licensed or otherwise regulated. They simply must register with the state to receive payment.

How does it address and balance the competing needs, rights, and interests of various members of a family?

This question defines the crux of the problem with the child care debate: Is child care primarily a service to parents, to children, or to the family as a whole? In policy discussions, parental choice advocates and child welfare advocates square off against each other, arguing for the primacy of their constituents' "rights." CCDBG may offer at least the hint of a compromise.

The CCDBG strives to balance the issues of quality,

choice, and availability for the nation's child care system, much as families do in choosing child care in their private lives. To define its philosophical basis, the interim rule states, "In striking the balance between the competing principles in the Act, we kept in mind the value placed on parental choice." While not everyone will agree with the statute's strong emphasis on parent choice, quality child care and parental choice are not necessarily contradictory terms. The parents of children in child care generally understand in broad terms the components of quality and want what's best for their children. In an ideal world, given free choice and access, a variety of choices to choose from, and the proper amount of information, they will seek out quality child care arrangements. The CCDBG directly addresses improving some of these necessary conditions, but states have an opportunity to go even further.

Child welfare advocates argue that the market cannot guarantee adequate safety and quality for the most vulnerable people in society—children. Perhaps their strongest point is that, in a lightly regulated field of providers, parents may not know how to identify and find safe, quality child care providers. Although the Act calls for consumer education efforts by states and emphasizes providing information about applicable licensing and regulatory requirements, complaint procedures, and policies and practices of child care services with the state, the regulations concentrate on requiring states to inform parents of their option of either contracted care or child care certificates. The Act does *not* emphasize the importance of providing parents with information about how to look for satisfactory child care. However, states can choose to emphasize this component of consumer education as they implement the block grant; this may be the most promising route to improving quality.

As mentioned earlier, states with stringent or high standards for child care are only effective in ensuring quality if the standards are monitored and enforced. Yet states are unlikely to budget sufficient resources to provide adequate monitoring of the hundreds of small family child care providers—especially in a time of economic stagnation and state budget deficits. ***A more pragmatic strategy for states is to educate and join with parents to develop innovative ways of monitoring child care to assure safety and improve the quality of informal care.***

4. Family Partnership and Empowerment

In what specific ways does CCDBG provide full information and a range of choices to families?

While making relatives and family care providers eligible for certificate payment under CCDBG is likely to expand the market of informal care, it is unclear what effect the new program will have on centers. Critics argue that the CCDBG may actually reduce access to quality child care centers.

In its effort to maximize parental choice, the interim final rule requires that certificates be made available to parents on a year-round basis—that is, parents offered child care services must always be given the option of receiving a certificate with no waiting lists. Centers, however, prefer to receive payments under annual contracts with the state because they need the certainty of knowing how many slots are funded ahead of time, especially since many centers operate on shoestring budgets. States say they will have difficulty determining what funds can be used to contract for slots because they cannot accurately predict the demand for certificates. This could prevent states from using grants or contracts to centers, as well as put quality child care centers out of business, thus limiting the choices parents have.

Some critics argue that by emphasizing “seamless service” across child care programs the regulations encourage states to use the methodology and payment rates set for other programs, specifically child care under the Family Support Act, in determining CCDBG payment rates. Under the FSA, payments are limited to the 75th percentile. In states using FSA payment rates, parents receiving subsidies are not likely to have access to those high quality programs whose rates fall in the highest quartile. This could create a two-tier system of child care, where only those who can afford it would be able to choose these more expensive, high quality programs. Yet, many believe it is those who are least able to afford developmental care whose children will benefit from it the most.

As mentioned previously, resource and referral services are eligible for funding under CCDBG, and they can be an effective method for providing parents with information about child care options. However, low-income families—the focus of CCDBG—do not typically use information and referral services but rather rely on informal networks of friends and families. Referral services will need to develop strategies for making their services more appealing to these families. Given the limited funding for this, however, it may be difficult. Still, providing information to parents need not be costly. *States could use the simple device of sending each parent who receives child care assistance an easy-to-read booklet with checklists of questions for them to consider in judging quality of a family day care home or child care program.*

Are family members involved in policy and program development, implementation, and evaluation?

In a very real sense, child care certificates give parents the power over the spending of the block grant funds. However, although the emphasis on parental choice allows families to control the child care option they use, both the Act and the interim final rule miss the opportunity to involve parents in policy and program development, implementation, or evaluation. *States could find ways to promote and facilitate parents' involvement in the decision making and program development of the particular centers their children are in, such as serving on parent boards or advisory committees.*

5. Family Diversity

How does the program identify and respect the different values, attitudes, and behavior of families from various racial, ethnic, religious, and cultural backgrounds that are relevant to program effectiveness?

The regulations allow, even encourage, parents to enroll children in sectarian child care facilities through the use of certificates. Concerns about the constitutionality of federal funding of religious activities that might take place in such programs remain to be answered. Although there is no other mention of cultural or ethnic issues, by offering families choices in the type of child care arrangements they choose, the CCDBG does allow for the diverse preferences of various ethnic, religious, and cultural groups.

6. Targeting Vulnerable Families

Does the program identify and target publicly supported services for families in the most extreme economic or social need and preventive services to families who are most vulnerable to breakdown?

Yes. The CCDBG does target the most needy families. The Act defines eligible families as those making 75% of median state income or less and requires the state to target programs to children with special needs or from families with very low incomes and to areas with high concentrations of poverty and high or low population densities. Importantly, the interim rule extends coverage to children with special needs until age 18 or 19.

Conclusion

The CCDBG represents a welcome opportunity for states to both expand and strengthen their existing system of child care assistance to families. How states use the funds to balance the goals of maximizing parent choice, increasing availability, and improving quality may vary considerably in each state as they make implementation decisions that reflect their own particular needs and situations. On the face of it, the legislation meets many of COFO's guiding recommendations outlined from a family perspective on page 3. The range of eligible providers is broad and the availability of certificates will enable parents to choose providers who can accommodate their families' needs and preferences.

It is less clear whether the Act provides an opportunity for states to cut through the current maze of differing regulations and requirements that exist among programs and funding streams to create a coordinated system that will provide families with the stable, uninterrupted service they need. Additionally, it is also unclear whether states will be able to sufficiently invest in information and referral services to help parents understand and locate quality programs. Finally, the Act is altogether silent on the development of programs that are family-centered.

Overall, COFO concludes that the CCDBG does include many of the components of a family perspective on child care. It strikes a welcome balance among the competing goals and principles that have been embedded in the national discussions and debates on child care policy. However, the Act and the interim final regulations leave open to the states and localities several areas that need to be strengthened in order to provide families with more information and a stronger voice in assuring that their children's care is adequate and meets families' needs and preferences. This report has provided a few suggestions of ways in which the states could implement the new block grant in their efforts to improve the quantity and quality of child care in the United States. □

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Organizational Resources

For more information about the CCDBG and child care issues in general, contact these organizations:

Child Welfare League of America, Inc. (CWLA), 440 First Street, NW, Suite 310, Washington, DC 20001, (202) 638-2952.

Children's Defense Fund (CDF), 122 C Street, NW, Washington, DC 20001, (202) 628-8777.

The National Association for Family Day Care (NAFDC), c/o The Children's Foundation, 815 15th Street, NW, Suite 928, Washington, DC 20005, (202) 347-3356.

National Association for the Education of Young Children (NAEYC), 1834 Connecticut Avenue, NW, Washington, DC 20009, (202) 232-8777.

National Association of Child Care Resource and Referral Agencies (NACCRA), 2116 Campus Drive, SE, Rochester, MN 55904, (507) 287-2220.

COFO Family Policy Report

The *COFO Family Policy Report* is a publication of the Consortium of Family Organizations (COFO), consisting of the American Association for Marriage and Family Therapy (AAMFT), the American Home Economics Association (AHEA), the Family Resource Coalition (FRC), Family Service America (FSA), and the National Council of Family Relations (NCFR). Formed in 1977, the nonpartisan Consortium is committed to the promotion of a family perspective in public policy and human services. Collectively, COFO comprises nearly 50,000 family professionals working with families in every state of the union, faculty members in every major university in the nation, nearly 300 family agencies and more than 2,000 family resource programs providing services to millions of families annually, and more than 10,000 volunteer board members.

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