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HEADLINE: A Cost Squeeze In Child Care; Families Wonder Where the Aid Is

BYLINE: Dale Russakoff, Washington Post Staff Writer

DATELINE: WOODBRIDGE, N.J.

BODY:

Debra Harris, a single mother, quit her \$ 34,000-a-year job as an occupational therapist for the summer because she can't afford full-time care for her two children.

Kathy Popino, a receptionist, and her electrician husband have gone into debt to keep their toddler and 8-year-old in child care at the YMCA, after a bad experience with a lower-priced home caregiver.

Mary O'Mara, a computer network administrator, and her husband, a factory worker, have junked the conventional wisdom of "pay your mortgage first." They sometimes pay a late fee on their home loan to cover child care first, lest they lose coveted spaces in a center they trust.

Child care is in slow-motion crisis for middle-income families, and Middlesex County, N.J., is in the thick of it. With three of four mothers working outside the home--near the national average--this swath of suburbs dramatizes the cost to working families of the national political consensus that child care is a private, not public, responsibility.

For 30 years, politicians have promised to shift the burden for families in the middle, with little result. Vice President Gore recently called for tens of billions of dollars in spending and tax breaks over a decade to improve care from infancy through adolescence--a proposal advocates called impressive in its reach, but short on resources and details.

Texas Gov. George W. Bush has proposed initiatives only for the poor, saying working families can apply his proposed income tax cut to child care bills.

Would-be beneficiaries here had a feeling they'd heard that before.

"I was so hopeful when the Clintons came in," said Popino, 34. "I saw Hillary as a working mom's best friend. I remember she said, 'It takes a village.' Okay, it's been eight years. When are they going to get to my village?"

The politics of welfare reform has focused national attention and money on the vast child care needs of women in poverty, which remain unmet. And the economic boom is helping affluent families pay full-time nannies or the \$ 800- to \$ 1,000-a-month fees at new, high-quality centers.

But with a record 64 percent of mothers of preschoolers now employed, and day care ranked by the Census Bureau as the biggest expense of young families after food and housing, officials say middle-income families routinely are priced out of licensed centers and homes. The median income for families with two children is \$ 45,500 annually, according to the Census Bureau.

"Basically, we have a market that isn't working," said Lynn White, executive director of the National Child Care Association, which represents 7,000 providers.

In a booming economy in which almost any job pays better, day care centers now lose a third to more than half of their staffs each year, and licensed home caregivers have quit in droves, according to national surveys.

The average starting wage for assistant day care teachers nationally rose 1 cent in eight years--to \$ 6 an hour. Weekly tuition at centers in six cities rose 19 percent to 83 percent in the same period, as states tightened regulations.

Most industrialized countries invested heavily in early-childhood care as women surged into the work force in the 1970s, but Congress and a succession of presidents left the system here mostly to the marketplace, directly subsidizing only the poorest of the poor.

A federal child care tax credit, enacted in 1976, saves working families \$ 3 billion, but advocates say it has fallen far behind inflation. (It saved Debra Harris \$ 980 last year, leaving her cost at more than \$ 7,000.)

When the military faced the same crisis of quality, affordability and supply a decade ago, Congress took a strikingly different approach. It financed a multibillion-dollar reform in the name of retaining top recruits and investing in future ones.

The result was a system of tightly enforced, high-quality standards for day care, home care and before- and after-school care. It included continual training of workers and more generous pay and benefits.

Advocates hail the system as a model. With 200,000 children in care, it costs an average of \$ 7,200 a child, which the government subsidizes by income.

"The best chance a family has to be guaranteed affordable and high-quality care in this country is to join the military," concluded an analysis by the National Women's Law Center.

Debra Harris used to drop her kids at Pumpkin Patch Child Development Center in working-class Avenel every morning at 7 in a weathered Ford Escort. She popped buttered bagels in the center's microwave for their breakfasts before heading to Jersey City, where she was a school occupational therapist.

A bus took Whitney, 9, and Frankie, 7, to school and brought them back at day's end to Pumpkin Patch, which they complained was cramped and a bit boring. Their mother considered it the safest and best care she could afford.

This summer, though, Whitney and Frankie's needs would have grown from before- and after-school care (total: \$ 440 a month) to full-day care at Pumpkin Patch's camp (total: \$ 1,400 a month). Harris recently went back over the math, incredulous at the results.

"I can make \$ 25 an hour on a per-diem basis," she said. "If I work 40 hours a week, that's \$ 4,000 a month, \$ 3,200 after taxes. If I take out \$ 1,400 for my mortgage and \$ 1,400 for full-time day care, that leaves \$ 400--\$ 100 a week to buy food and gas, pay bills, go to the shore on the weekend. This is crazy!"

So Harris decided to quit her job for the summer, find part-time work and draw down her savings.

At 30, Harris prides herself on providing for her children "without ever using the welfare system, thank God," despite difficulties that include an ex-husband who is more than \$ 6,000 behind in child support, according to her records.

Child care was easier when she was married, and not just because of her husband's paycheck, Harris said. Early in their marriage, they were stationed in Germany with the Air Force and had access to German-subsidized child care. They paid \$ 40 a month per child for full-time care in a stately, 19th-century building within walking distance of their home.

"I find it really discouraging that my own government says I shouldn't need help with child care," Harris said. "Now is when I really need some help."

The first time Washington tried to help--and failed--was 1971. Congress passed a \$ 2 billion program to help communities develop child care for working families, but President Richard M. Nixon vetoed it as ill-conceived, writing in his veto message that it would "commit the vast moral authority of the National Government to the side of communal approaches to child-rearing over . . . the family-centered approach."

Mothers of school-age children kept going to work anyway. In 1947, 27 percent were employed at least part time; in 1960, it was 43 percent; in 1980, 64 percent; in 1998, 78 percent. State governments took the lead in setting child care standards, which vary dramatically, as do fees and quality.

In the late 1980s, with the number of children in care surging, Congress again took up the cause of middle-income as well as poor families. The resulting Act for Better **Childcare**, signed by then-President George Bush in 1990, vastly increased aid to the poor, whose needs were the most urgent. But middle-income families were left out.

Poor families' needs became even more pressing in 1996 with the passage of welfare reform, which sent women from assistance rolls to the work force. A federal child care block grant aimed at families making up to 85 percent of a state's median income is going overwhelmingly to families in or near poverty, reaching only 1 in 10 eligible children, according to the U.S. Department of Health and Human Services.

✂ In 1998, President Clinton moved to expand the child care tax credit but was blocked by Republicans who said it slighted mothers who stayed home with their children.

This election year could be different, several analysts said. Although most voters care less about child care than Social Security and taxes, the issue rates highest with women younger than 50, particularly those under 30, a crucial voting bloc for both Bush and Gore.

Unlike 1996, when these women were solidly for Clinton, their concerns now have political cachet, according to Andrew Kohut of the Pew Research Center for the People and the Press.

At the same time, advocates are linking quality child care to school readiness, hoping to tap into the national focus on education. They emphasize that the government subsidizes higher education for all families, but not "early ed," as they call child care, which hits young families, who have fewer resources.

Another political impetus comes from recent reports of the U.S. military program's success. Newspaper editorials in almost every region of the country asked why the civilian world can't have the same quality child care.

Kathy Popino has been asking for years. Her husband, Warren, was in the Coast Guard when their son, Matthew, was born, and they paid \$ 75 a month--subsidized by the Department of Defense--to a home caregiver trained by the DOD. "She was wonderful. The military inspected all the time," Popino said.

When Warren left the Coast Guard to become an electrician, they moved to Metuchen, N.J., but couldn't find licensed care at even twice that price. They opted for an unlicensed home caregiver who cared for Matthew for \$ 80 a month, along with two other children.

But Matthew, then 2, began crying nights, and "his personality did a 180," Kathy said. Unable to sleep

herself or concentrate at work, Kathy moved him to a state-of-the-art KinderCare Learning Center they couldn't afford. "Visa became our best friend," she said.

Ultimately, they moved him to the YMCA, where they now pay about \$ 800 a month for high-quality, full-time care for Gillian, 1 1/2, and after-school care for Matthew, 8. The program there includes weekly swim lessons, daily sports and homework help in spacious, sun-filled rooms.

In the process, Popino has developed a keen class consciousness. "When summer camp starts, you pay every Monday, and everybody who pays with credit cards walks out to our used cars we owe money on. The people paying by check walk out and get in their new Lexus," she said.

The Y's fees are lower than prices at similar, for-profit centers, but cost pressures are rising as the labor market tightens. Child care director Rose Cushing said turnover rates are well over 30 percent, even with the agency paying health benefits to its teachers.

Twenty minutes south on U.S. Route 1, at Pumpkin Patch, where fees, teacher pay and the facilities are more modest, proprietor Michelle Alling has held on to four of her head teachers for five years, mainly because of their loyalty to the children.

On a recent morning, as one teacher baked chocolate-chip cookies with flour-blotched 3- and 4-year-olds, Alling acknowledged that they all desperately needed higher wages.

But "then you have families literally handing you their entire paycheck," she said, "and where does it come from?"

Mary O'Mara, the mother who sometimes makes ends meet by paying late fees on her mortgage, said politicians who look past this issue must live in a different world than hers. She wishes she could show them what she showed her mother, who used to tell her to relax and stay home with her children.

"I sat her down with a calculator, and I gave her a month's worth of bills--food, mortgage, child care, gasoline," O'Mara said. "There was almost nothing left, and that's with two middle-class incomes.

"She looked at me like she didn't believe it. She said, 'I didn't realize how tough it was out there.' "

(This graphic was not available)Child Care Crunch

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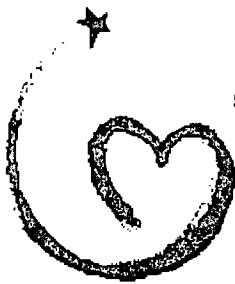
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In 1994, 62% of married mothers with a child under age six were in the workforce, compared with 30% in 1970.[†]

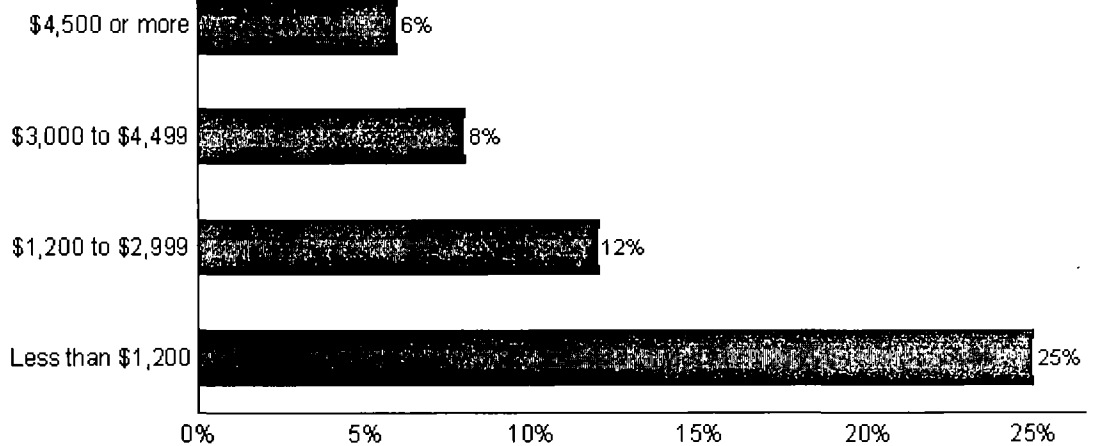
The increased employment of mothers outside the home has led to a sharp increase in the use of child care over the past several decades. Eight of 10 employed mothers with children under six are likely to use some form of nonparental child care arrangement.[†]

In 1990, 7.2 million mothers with 11.7 million under age 15 worked full or part time during nonstandard hours.^{**}

In 1993, the average family with an employed mother and a child under age five spent about \$74 for child care for all preschoolers in the family. Families with annual incomes under \$14,400 paid for care for children under five spent 2% of their income on child care, compared with 6% for families with incomes of \$54,000 or more.^{*}

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Percent of Monthly Family Income Spent on Child Care by Family Income



* Limited to families with a preschooler, 1993 data. Source: Casper, L.M. *What Does it Cost to Mind Our Preschoolers?* U.S. Census, Current Population Reports, P-70, no. 52. Washington, D.C., 1995

→ Very low child care cost in child care

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at National Child Care Center

1-800-614-2242

DB: Genie Chagnon

From: Ann O'Leary

Fax #: 615-340-3285

Genie -

This data is very old (1993),
but at the moment it is all that
we have. I have someone pulling
together a summary of more
recent data - I should have it by
4:00 p.m.

- Ann

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Children's Defense Fund

CHILD CARE NOW!

Child Care and Early Education Basics

April, 2000

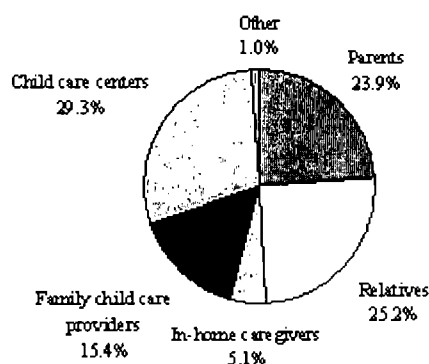
Child care and early education are critical to the success of two national priorities: helping families work, and ensuring that every child enters school ready to succeed.

The need for child care has become a daily fact of life for many parents.

- Sixty-four percent of mothers with children under age six, and 78 percent of mothers with children ages six to 13 are in the labor force. Almost 60 percent of mothers with infants (under age one) are in the labor force.¹
- In 1998, only 23 percent of all families with children younger than six—and only one-third of *married couple* families with young children—had one parent working and one parent who stayed at home.² The majority (55 percent) of working women in the U.S. bring home *half or more* of their family's earnings.³

Every day, 13 million preschoolers—including 6 million infants and toddlers—are in child care.⁴

- *This is 3 out of 5 young children.* Millions more school-age children are in after-school and summer activities, and nearly 5 million children are left home alone after school each week while their parents work.⁵
- Children enter care as early as six weeks of age and can be in care for as many as 40 hours per week until they reach school age.
- Child care arrangements of children younger than five with working mothers in 1994: ⁶



Definitions of Child Care Settings:

Child care centers—care provided in nonresidential facilities, usually for 13 or more children.

Family child care providers—care provided in a private residence other than the child's home.

In-home caregivers—care provided within the child's home, by a person other than a parent or relative.

Relative care—care provided by a related person other than the parent, either in the child's or the relative's home.

Child care helps shape children's futures and is key to

school readiness.

- The research is clear that the quality of child care has a lasting impact on children's well-being and ability to learn.⁷ Children in poor quality child care have been found to be delayed in language and reading skills, and display more aggression toward other children and adults.⁸
- A recent major study found that children in high quality child care demonstrated greater mathematical ability, greater thinking and attention skills, and fewer behavioral problems than children in lower quality care. These differences held true for children from a range of family backgrounds, with particularly significant effects for children at risk.⁹
- School-age children's academic performance is enhanced by attending formal child care programs of at least adequate quality, according to several studies. Children attending such programs have been found to have better work habits and relationships with peers, and to be better adjusted and less anti-social than children who spend their out-of-school hours alone, with their mothers, or informally supervised by other adults.¹⁰

Yet families struggle to find and afford quality child care environments.

- Full-day child care easily costs \$4,000 to \$10,000 per year—at least as much as college tuition at a public university.¹¹ Yet, one out of three families with young children earns less than \$25,000 a year,¹² and a family with both parents working full-time at the minimum wage earns only \$21,400 a year.
- Even though some child care subsidies are available for low-income families, funds are severely limited. Currently, no state serves all families eligible for assistance under federal guidelines. Nationally, only one out of 10 eligible children who need help are getting any assistance.¹³
- Despite nearly 35 years of investment in Head Start, the program still serves slightly less than half of the eligible children.¹⁴
- In 1998-99, 42 states had prekindergarten initiatives. Yet most serve only a small percentage of children at risk and a number lack adequate quality standards. Many initiatives support only part-day programs that fail to meet the needs of parents working full-time.¹⁵
- Good care is hard to find. Recent studies have found that much of the child care in the U.S. is poor to mediocre. One four-state study found fully 40 percent of the rooms serving infants in child care centers to be of such poor quality as to jeopardize children's health, safety, or development.¹⁶
- Hairdressers and manicurists must attend 1,500 hours of training at an accredited school in order to get a license, yet 40 states (including DC) do not require child care providers to have any early childhood training prior to serving children in their homes.

- Professional, quality child care is hard to find in a marketplace where child care teachers and providers do not earn as much as bus drivers (\$26,000) or garbage collectors (\$23,460). Child care workers earn an average of only \$14,820 per year.¹⁸ In addition, child care workers tend to receive no benefits or paid leave.¹⁹

Scarcity of after-school programs leaves school-age children home alone.

- Nearly 5 million children are home alone after school each week,²⁰ during the afternoon hours when juvenile crime peaks.²¹
- A 1990 study found that eighth-graders left home alone after school reported greater use of cigarettes, alcohol, and marijuana than those who were in adult-supervised settings.²²
- Good after-school activities for children and teens can be hard to find because options are inadequate in many communities. This problem is even more serious in low-income neighborhoods—for example, only one-third of schools in low-income neighborhoods offered before- and after-school programs in 1993.²³

Endnotes:

¹ In the labor force includes mothers who are employed as well as mothers who are looking for work. Unpublished data from the U.S. Bureau of Labor Statistics. (1999). *Marital and Family Characteristics of the Labor Force from the March 1999 Current Population Survey*. Washington, DC: U.S. Department of Labor.

² U.S. Census Bureau. (1999). *Money Income in the United States: 1998* (Current Population Reports, P60-206). Washington, DC: U.S. Government Printing Office.

³ Whirlpool Foundation Study by the Families and Work Institute. (May 1995). *Women: The New Providers*. New York, NY: Families and Work Institute.

⁴ National Center for Education Statistics. (October 1996). *Child Care and Early Education Program Participation of Infants, Toddlers, and Preschoolers*. Washington, DC: NCES.

⁵ L. M. Casper, M. Hawkins, and M. O'Connell. (May 1994). *Who's Minding the Kids? Child Care Arrangements, Fall 1991*, (Current Population Reports Household Economic Studies, P70-36). Washington, DC: U.S. Census Bureau.

⁶ Data from 1994, which are the most recent information available. Children's Defense Fund calculations of data from L. M. Casper. (March 1997). *Who's Minding Our Preschoolers?* (Current Population Reports Household Economic Studies, P70-62). Washington, DC: Census Bureau, U.S. Department of Commerce.

⁷ Carnegie Corporation of New York. (August 1994). *Starting Points: Meeting the Needs of Our Youngest Children*. New York, NY: Carnegie Corporation.

⁸ Testimony by Deborah Phillips before the Senate Committee on Labor and Human Resources, March 1, 1995.

⁹ E. S. Peisner-Feinberg, et al. (1999). *The Children of the Cost, Quality, and Outcomes Study Go To School: Executive Summary*. Chapel Hill, NC: University of North Carolina.

¹⁰ B. M. Miller, S. O'Connor, S. W. Sirignano, and P. Joshi. (1996). *"I Wish the Kids Didn't Watch So Much TV": Out-of-School Time in Three Low Income Communities*. Wellesley, MA: Wellesley College, Center for Research on Women, School-Age Child Care Project.

¹¹ K. Schulman and G. Adams. (1998). *Issue Brief: The High Cost of Child Care Puts Quality Care Out of Reach for Many Families*. Washington, DC: Children's Defense Fund.

¹² U.S. Census Bureau. (1999). *Money Income in the United States: 1998* (Current Population Reports, P60-206). Washington, DC: U.S. Government Printing Office.

- ¹³ U.S. Department of Health and Human Services, Administration for Children and Families. (October 1999). *Access to Child Care for Low-Income Working Families*. Washington, DC: U.S. DHHS.
- ¹⁴ Data from the U.S. Department of Health and Human Services, Head Start Bureau, May 2000.
- ¹⁵ K. Schulman, H. Blank, and D. Ewen. (1999). *Seeds of Success: State Prekindergarten Initiatives 1998-1999*. Washington, DC: Children's Defense Fund.
- ¹⁶ S. Helburn, et al. (1995). *Cost, Quality, and Child Outcomes Study: Executive Summary*. Denver, CO: University of Colorado.
- ¹⁷ Center for Career Development in Early Care and Education at Wheelock College. (1999). *Child Care Licensing: Training Requirements for Roles in Child Care Centers and Family Child Care*. Boston, MA: The Center for Career Development in Early Care and Education, Wheelock College.
- ¹⁸ U.S. Department of Labor, Bureau of Labor Statistics. (December 1999). *1998 National Occupational Employment and Wage Estimates*. Washington, DC: U.S. DOL.
http://stats.bls.gov/oes/national/oes_nat.htm
- ¹⁹ M. Whitebook, C. Howes, and D. Phillips. (1998). *Worthy Work, Unlivable Wages: The National Child Care Staffing Study, 1988-1997*. Washington, DC: Center for the Child Care Workforce; and S. Helburn, et al. (1995). *Cost, Quality, and Child Outcomes Study*. Denver, CO: University of Colorado.
- ²⁰ L. M. Casper, M. Hawkins, and M. O'Connell. (May 1994). *Who's Minding the Kids? Child Care Arrangements, Fall 1991* (Current Population Reports Household Economic Studies, P70-36). Washington, DC: U.S. Census Bureau.
- ²¹ H. Snyder and M. Sickmund. (1999). *Juvenile Offenders and Victims: 1999 National Report*. Washington, DC: U.S. Department of Justice, Office of Juvenile Justice and Delinquency Programs.
- ²² K. M. Dwyer, et al. (1990). "Characteristics of Eighth-Grade Students Who Initiate Self-Care in Elementary and Junior High School," *Pediatrics*, Vol. 86, No. 3.
- ²³ U.S. Department of Education. (1993). *The Condition of Education: 1993*. Washington, DC: National Center for Education Statistics.

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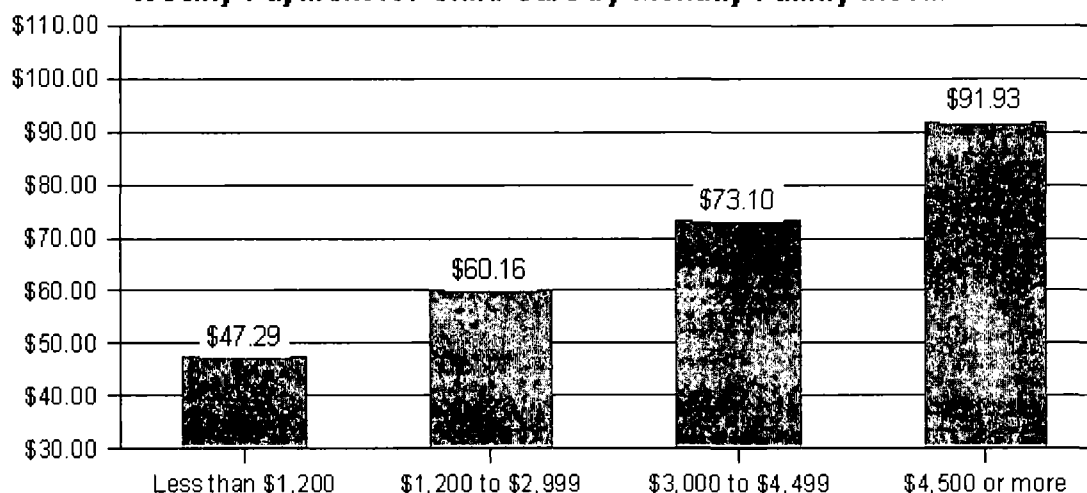
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Weekly Payment for Child Care by Monthly Family Income*

*Limited to families paying for child care for preschoolers, 1993 data Source: Casper, L.M. *What Does it Cost to Mind Our Preschoolers?* U.S. Bureau of the Census, Current Population Reports, P-70, no. 52. Washington, D.C., 1995

For additional information, contact the National Child Care Information Center at (800) 616-22 the Web site at <http://ericps.crc.uiuc.edu/nccic/nccichome.html>

Information in this fact sheet is excerpted from – Sandra L. Hofferth, "Child Care in the United The Future of Children, vol. 6, no. 2 Summer/Fall 1996, with additional information from: National Center for Education Statistics, U.S. Department of Education; *U.S. Bureau of Census; **Women's Bureau, U.S. Department of Labor.



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Child Care Arrangements for Children Under Five: Variation Across States

by

Jeffery Capizzano, Gina Adams, and Freya Sonenstein

Number B-7 in Series, "New Federalism: National Survey of America's Families"

Note: Those wishing to print this report may find it easier to use the PDF Version.

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Over the past decade, child care has emerged both as an issue of public concern and a key component of U.S. social policy. The large number of mothers with preschool children in the workforce has made America's families more reliant on nonparental care and raised public awareness of early care and education as an issue of public policy. Many children now spend at least some time in child care during their critical developmental years. As a result, child care centers, family child care homes, relatives, and nannies have become essential to working families with children. Policymakers also have recognized the importance of child care because of the role it plays in helping parents work and because of the impact it can have on the development of children. In 1996, for example, policymakers considered child care a key factor in helping welfare recipients attain self-sufficiency, and accordingly, the federal welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—highlighted child care as a work support mechanism.

Examining Child Care at the State Level

Significant aspects of child care policy have historically fallen under the purview of state governments. For example, states establish many of the child care subsidy policies—such as reimbursement rates for child care providers and copayment rates for recipients of child care assistance—and also regulate child care quality. The changes to federal child care policy outlined by PRWORA further expanded the role of states in child care policymaking by ending the child care entitlement for welfare recipients, consolidating the four major federal child care assistance programs into a single block grant, and increasing child care funding to states.

Yet relatively little is known about child care patterns in individual states or how they vary across states. Most of what is known about the use of child care is gathered from nationally representative surveys that are not designed to capture state-level child care patterns. It is likely that large variations exist across states due to differences in the costs and supply of child care as well as variations in labor force patterns and child care policies. A better understanding of state-specific child care behavior will help state policymakers effectively target their child care policies and identify the likely impact of policy changes.



This brief, therefore, provides information on the primary child care arrangements used by children under five with employed mothers nationally and across a number of states. Also, because child care experiences tend to vary for children of different ages and incomes, we examine infants and toddlers separately from three- and four-year-olds, and children from families with incomes above 200 percent of the federal poverty level (FPL) separately from those with incomes at or below 200 percent of the FPL.

The National Survey of America's Families

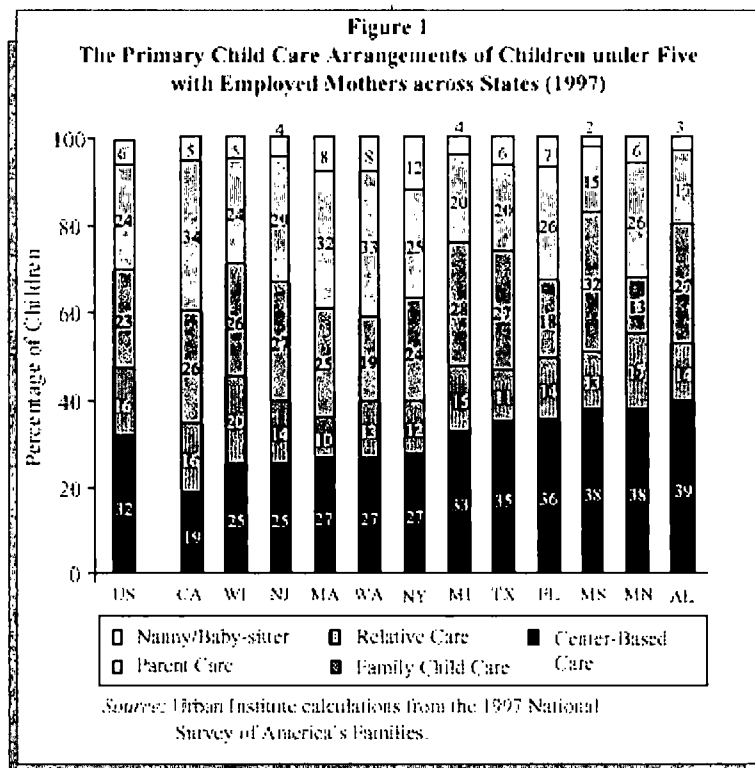
Data from the 1997 National Survey of America's Families (NSAF)¹ are used to examine primary child care arrangements. The NSAF oversampled households with income below 200 percent of the FPL and collected child care information on a nationally representative sample of children as well as on representative samples of children in 12 states.² For randomly selected children in the sample households, interviews were conducted with the person most knowledgeable about each child. From these interviews, data were collected about the types of care used and the number of hours that the child spent in each form of care.³ Since the mother was most often the most knowledgeable adult, the term "mother" is used here to refer to this respondent.⁴ This analysis focuses only on children under five whose mothers were interviewed during the nonsummer months.⁵ We also restrict our analysis to preschool children whose mothers are employed.

The primary child care arrangement is defined as the arrangement in which the child spends the most number of hours while the mother is at work. We group the arrangements in the following primary arrangement categories: *center-based child care* (child care centers, Head Start, preschool, prekindergarten, and before- or after-school programs); *family child care* (care by a nonrelative in the provider's home); *baby-sitter or nanny* (care by a nonrelative in the child's home); *relative care* (care by a relative either in the child's or provider's home); and *parent care* (for those children whose mother did not report a nonparental child care arrangement while she worked).⁶

Where Are Preschool Children Cared For?

The National Picture. Nationwide a large percentage (76 percent) of preschool children with employed mothers are regularly cared for by someone other than their parents. For more than half of preschool children with employed mothers, the primary child care provider is not related to the child (figure 1). Thirty-two percent of children are in center-based child care arrangements, while about half as many (16 percent) are in family child care. A relatively small percentage of children (6 percent) are regularly cared for by a baby-sitter or nanny in the child's home.⁷

In contrast, less than half of preschool children with employed mothers are cared for primarily by relatives or by parents. Twenty-three percent of preschool children have a relative as the primary child care provider—9 percent in the child's home and 14 percent in the home of the relative—while 24 percent of children are in parent care.⁸



State Patterns. An examination of individual states, however, reveals that national estimates of child care mask sizable state variation in the use of specific primary child care arrangements (figure 1). The focus below is on the states with the greatest differences in the use of each form of care.⁹ Specifically, findings show that:

- Almost 40 percent of preschool children are in *center-based care* arrangements in Alabama, Minnesota, and Mississippi (39, 38, and 38 percent, respectively). These percentages are twice as large as the percentage of children in center-based care in California (19 percent).
- The percentage of preschool-age children in *family child care* ranges from 20 percent in Wisconsin to 10 percent in Massachusetts.
- Mississippi, with 32 percent of preschool children of employed mothers in *relative care*, has more than twice the proportion of children in this form of care as Minnesota (13 percent).
- Over 30 percent of children are in *parent care* in California, Washington, and Massachusetts (34, 33, and 32 percent, respectively), while less than one in five children are in this form of care in Mississippi and Alabama (15 and 17 percent, respectively).

While these findings highlight the differences in the use of each type of primary child care arrangement across states, states also differ from each other in the distribution of children across all arrangements. This diversity is found even among states that are similar on one dimension of child care (table 1). For example, while two states—Alabama and Minnesota—both have large percentages of children in center-based care, the distribution of children across the other arrangements in each state is quite different. Indeed, Alabama has over twice the percentage of children in relative care as Minnesota (27 percent, compared with 13 percent). Examples like this demonstrate the enormous diversity of child care utilization across states and point out the unique child care challenges that state-level policymakers and administrators face in making decisions about their states.

Table 1
Primary Child Care Arrangements for Children under Five with Employed Mothers, by Selected Characteristics and State

	US (%)	AL (%)	CA (%)	FL (%)	MA (%)	MI (%)	MN (%)	MS (%)	NJ (%)	NY (%)	TX (%)	WA (%)	WI (%)
All Children													
Center-Based Care	32	39	19	36	27	33	38	38	25	27	35	27	25
Family Child Care	16	14	16	14	10	15	17	13	14	12	11	13	20
Relative Care	23	27	26	18	25	28	13	32	27	24	27	19	26
Parent Care ^a	24	17	34	26	32	20	26	15	29	25	20	33	24
Nanny/Baby-sitter	6	3	5	7	8	4	6	2	4	12	6	8	5
Sample Size ^b	(4,853)	(289)	(288)	(318)	(343)	(322)	(383)	(278)	(343)	(308)	(312)	(305)	(658)
Child's Age													
Younger Than Three Years													
Center-Based Care	22	25+	9+	24+	20+	28	29+	24+	13+	14+	24+	21+	19+
Family Child Care	17	17	14	16	9	15	19	17+	14	12	15	13	20
Relative Care	27	30	28	18	27	33+	14	38+	30	31+	32+	23+	28
Parent Care ^a	27	24+	42+	33+	35	21	29	19	37+	32+	21	34	28+
Nanny/Baby-sitter	7	4	7	9	9	2	9	3	6	11	8	10	4
Sample Size ^b	(2,588)	(150)	(150)	(169)	(181)	(169)	(206)	(144)	(187)	(160)	(162)	(173)	(354)
Three to Four Years													
Center-Based Care	45	58+	31+	54+	36+	40	50+	60+	44+	46+	49+	37+	33+
Family Child Care	14	9	19	10	10	14	15	8+	15	12	7	13	20
Relative Care	17	24	23	17	22	21+	11	21+	23	14+	21+	14+	22
Parent Care ^a	18	8+	25+	15+	27	18	22	10	16+	15+	19	32	18
Nanny/Baby-sitter	6	2	3	4	6	6	2	0	1	13	5	4	6
Sample Size ^b	(2,265)	(139)	(138)	(149)	(162)	(153)	(177)	(134)	(156)	(148)	(150)	(132)	(304)
Income as a Percentage of the FPL													
200 Percent and Below													
Center-Based Care	26	24+	17	32	38+	20+	20+	34	27	20+	28+	21	19
Family Child Care	14	15	16	13	9	12	12	9+	12	17	10	7	16
Relative Care	28	38+	28	21	23	39+	32+	43+	29	28	31	27+	31
Parent Care ^a	28	22	35	28	22+	25	31	14	31	26	29+	41	31
Nanny/Baby-sitter	4	1	4	6	8	5	5	1	1	9	2	4	3
Sample Size ^b	(2,296)	(148)	(161)	(168)	(115)	(143)	(170)	(153)	(121)	(145)	(181)	(133)	(314)
Above 200 Percent													
Center-Based Care	35	50+	20	38	24+	39+	44+	42	25	32+	41+	29	27

Family Child Care	17	13	16	15	10	16	19	18+	15	9	12	15	22
Relative Care	20	20+	24	15	25	24+	6+	21+	26	21	24	16+	24
Parent Care ^a	21	13	34	24	34+	18	24	16	28	24	12+	30	21
Nanny/Baby-sitter	7	4	6	8	8	3	6	3	5	14	10	10	6
Sample Size^b	(2,557)	(141)	(127)	(150)	(228)	(179)	(213)	(125)	(222)	(163)	(131)	(172)	(344)

Source: Data from the 1997 National Survey of America's Families (NSAF). Actual percentages may be on average +/-3 percentage points from national estimates, +/-5 percentage points from overall state estimates, and +/-7 percentage points from state estimates for children of different ages and income levels. Percentages do not sum to 100 as a result of rounding.

a. The NSAF's questions focused on nonparental arrangements and did not include questions about care provided by another parent, care for the child while the parent was at work, or care for the child at home by a self-employed parent. Those respondents not reporting a child care arrangement are assumed to be in one of these forms of care and are coded into the parent category.

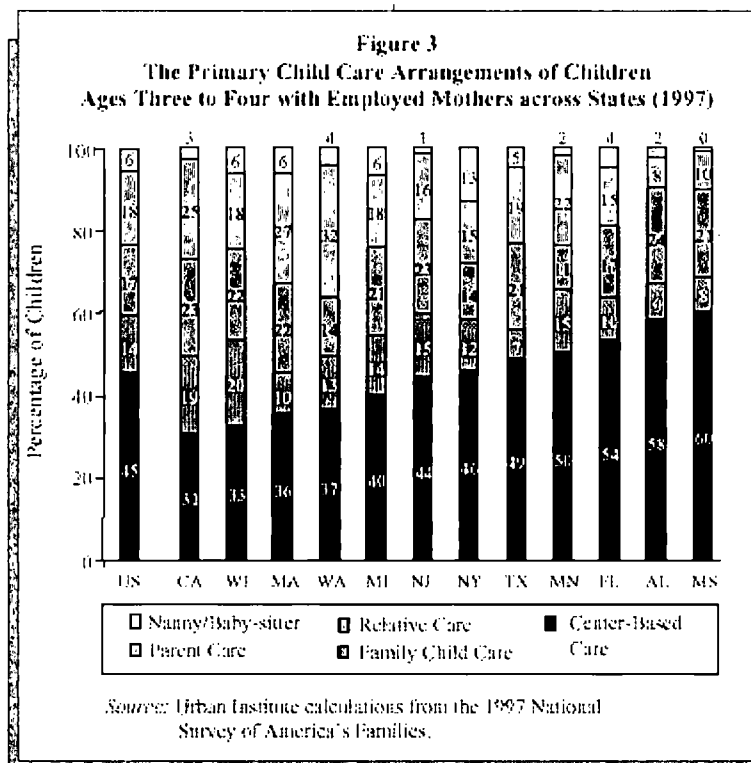
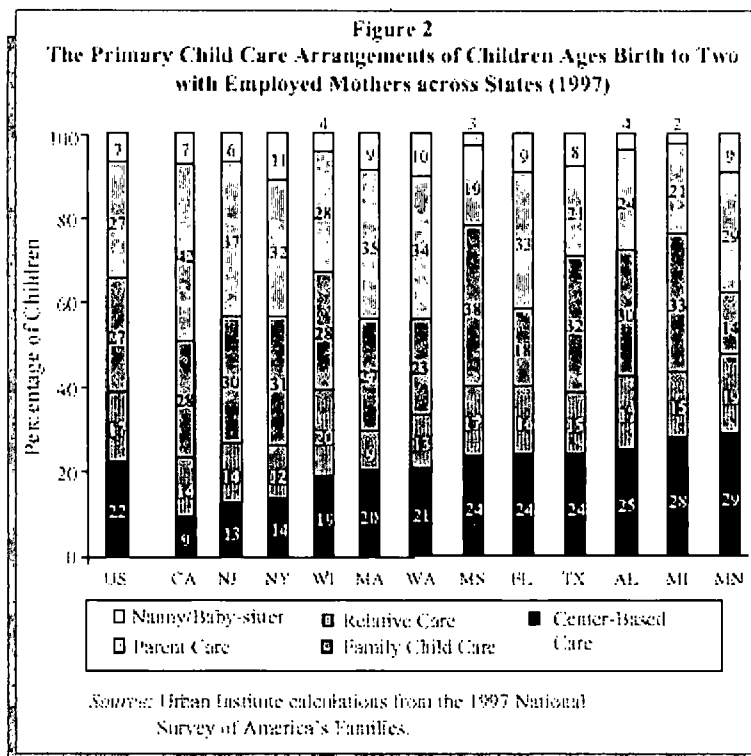
b. Sample size in parentheses. **Bold** type indicates that the estimate is significantly different from the national average at the 0.5 level. Plus (+) indicates a significant difference between the categories within the age and income in a state at the .05 level (i.e., younger children are different from older children).

Child Care for Children of Different Ages

Parents often make different choices about child care arrangements for their preschool children based on the age of the child. Preschool children of different ages have varying developmental needs, and certain forms of child care are often more readily available for children in particular age groups. Therefore, to provide a better understanding of the child care choices made by employed parents, the types of arrangements parents chose for their infants and toddlers (children under three) are examined separately from choices made for three- and four-year-olds.

The Nation Overall. Nationally, infants and toddlers are more likely to be with relatives and in parent care, while three- and four-year-olds are more often found in center-based arrangements (table 1). Among infants and toddlers, 27 percent are in relative care and another 27 percent are in parent care, while smaller proportions are found in center-based care (22 percent) and family child care (17 percent). Among the older preschoolers, relative and parent care are used less often as primary arrangements (17 percent and 18 percent of the children, respectively), while more three- and four-year-olds are found in center-based care than in any other arrangement (45 percent). Similar to infants and toddlers, only 14 percent of three- and four-year-olds have family child care as their primary arrangement.

Variation across the States. These national patterns generally hold true across the individual states. The largest proportions of infants and toddlers are in parent or relative care across most states, while the highest percentages of three- and four-year-old children are in center-based arrangements in every state (figures 2 and 3). The proportion of children in each primary care arrangement, however, varies widely from state to state for both age groups.



Infants and Toddlers. For children under three, center-based care arrangements are usually not the most common form of care, although there are some states in which a significant proportion of very young children have centers as their primary arrangement. Relative care and parent care, in contrast, are major forms of child care for infants and toddlers across most states, though the proportion of children in these care arrangements varies. Specifically, the data show that:

- In Minnesota and Michigan, more than one in four infants and toddlers are in *center-based arrangements* (29 and 28 percent, respectively). California, on the other hand, has the smallest percentage of young children in center-based care (9 percent), and states like New Jersey and New York also have relatively small percentages of young children in centers (13 and 14 percent, respectively).
- Across states, the percentage of infants and toddlers in *family child care* ranges from as high as 20 percent in Wisconsin to as low as 9 percent in Massachusetts.
- While most states have close to one in three very young children in *relative care*, Mississippi has the largest percentage of children in this form of care (38 percent). Florida and Minnesota, on the other hand, have less than half this percentage in relative care (18 and 14 percent, respectively).
- California has the highest percentage of children in *parent care* (42 percent), while Mississippi, Michigan, and Texas have the smallest percentages of very young children in this form of care (19, 21, and 21 percent, respectively).

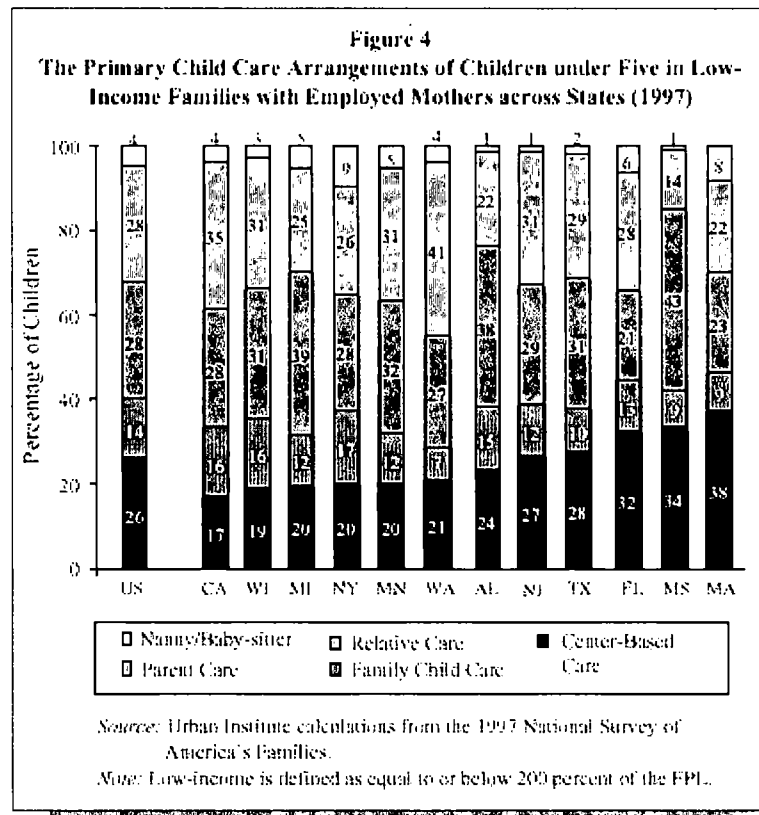
Three- and Four-Year-Olds. For children ages three and four, center-based arrangements are the most popular form of primary child care arrangement in every state. While relative care and parent care are generally less prevalent among these children, there are states that have high percentages of children in these forms of care. The data show that among three- and four-year-olds:

- Mississippi and Alabama have the highest percentages of children in *center-based arrangements* (60 and 58 percent, respectively), while in some states like California and Wisconsin, only around one in three three- and four-year olds are in center-based care (31 and 33 percent, respectively).
- Wisconsin has the highest percentage of three- and four-year-olds in *family child care* (20 percent), while much less than half the proportion of this age group is in this form of care in Texas (7 percent).
- Twenty-four percent of these children are in *relative care* in Alabama. Minnesota, on the other hand, has only 11 percent of three- and four-year olds in relative care.
- In Washington and Massachusetts, around 30 percent of three- and four-year-olds have *parent care* as their primary arrangement (32 and 27 percent, respectively). In contrast, Alabama and Mississippi (8 and 10 percent, respectively) have very low percentages of children in this age group in parent care.

Child Care for Children from Families of Different Incomes

The child care arrangements of low-income children are an important policy priority for lawmakers. With welfare reform's work requirements expected to increase the demand for child care, and with federal and state governments investing to provide child care subsidies to low-income families, the types of child care arrangements used by these families are of increasing interest to policymakers. Therefore, it is important to look separately at the arrangements of the low-income population¹⁰ and how these arrangements compare with those of higher-income families.

Nationally, we find that low-income children are less likely to be in centers than higher-income children (26 percent, compared with 35 percent) and are more likely to be in relative care (28 percent, compared with 20 percent) and parent care (28 percent, compared with 21 percent) (table 1). Low- and higher-income children, however, are almost equally likely to be in family child care (14 percent, compared with 17 percent).



Differences across States. There is great variety in the primary child care arrangements used by low-income children across the states, as well as in the arrangements used by higher-income children. In fact, no consistent pattern exists across states for either income group—different forms of care are prevalent in different states (see table 1). Low-Income Families. A closer look at low-income families across states, for example, shows that:

- In Massachusetts, Mississippi, and Florida, roughly a third or more of low-income children are in centers (38, 34, and 32 percent, respectively). Conversely, California, Wisconsin, Michigan, New York, Minnesota, and Washington—those states with the smallest proportions of low-income children in center-based care—have about one in five children in this type of arrangement (17 to 21 percent) (figure 4).
- New York has the highest percentage of low-income children in family child care—17 percent. In contrast, Washington has only 7 percent of low-income children in family child care.
- In Mississippi, Michigan, and Alabama, about two in five low-income children use relatives as their primary care arrangement (43, 39, and 38 percent, respectively)—roughly twice the percentage of low-income children in relative care as Florida (21 percent).
- Washington has by far the highest percentage of low-income children using parent care, with almost three times as many children in this form of care (41 percent) as in Mississippi (14 percent).

Higher-Income Families. Among higher-income children, findings show that:

- The proportion in *center-based care* ranges from more than two in five in Alabama and Minnesota (50 and 44 percent, respectively) to less than one in five in California (20

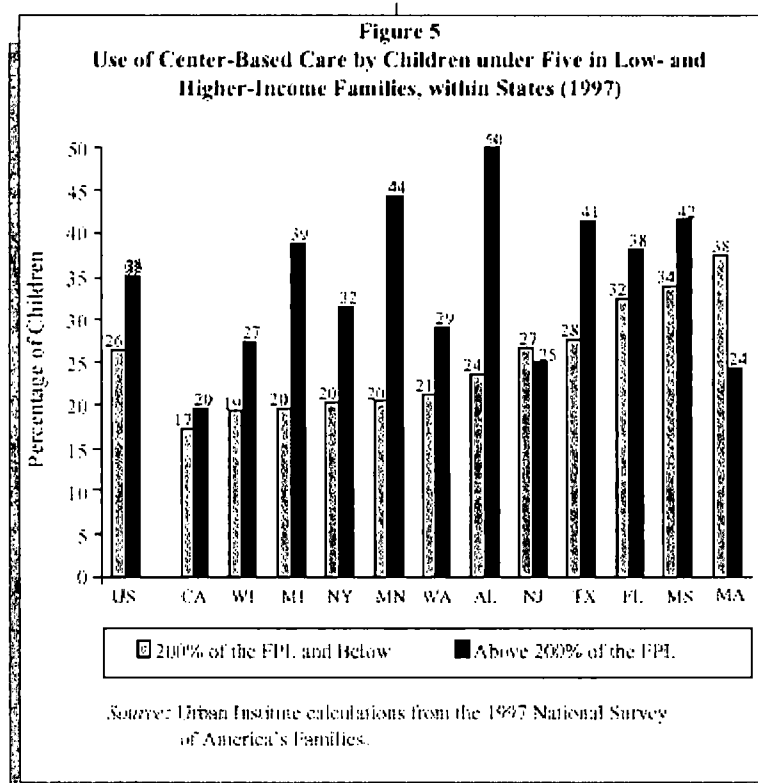
percent) (table 1).

- Wisconsin has the largest percentage of higher-income children in *family child care*, with 22 percent. Conversely, New York and Massachusetts have only around 10 percent of higher-income children in this form of care (9 and 10 percent, respectively).
- Though children in higher-income families generally have *relatives* as their primary care arrangements less frequently than low-income children, some states—including New Jersey, Massachusetts, California, Michigan, Texas, and Wisconsin—have as many as one in four higher-income children in this form of care (all between 24 and 26 percent). Minnesota has by far the lowest percentage of higher-income children in relative care (6 percent).
- The use of *parent care* ranges from over 30 percent of higher-income children in California and Massachusetts (34 percent each) to as low as 12 percent in Texas.

Differences within Individual States. The differences that exist between low- and higher-income populations in the use of child care arrangements are also of interest to policymakers. Different patterns of child care use between the two populations within a particular state may reflect the ability of higher-income families to pay more for child care, the inability of low-income families to access certain kinds of care, or different child care preferences between the two income groups.

Comparing low- and higher-income children in each state reveals large differences in the use of child care arrangements. Consistently, the major differences occur in the use of center-based care; higher-income children are much more likely to be in centers than low-income children. Low-income children are instead found more frequently in relative and parent care. Specifically, data show that:

- The largest gaps in the use of *centers* occur between low- and higher-income children in Alabama and Minnesota, where the percentage of higher-income children in centers is 26 and 24 percentage points greater than for the low-income population (figure 5). Michigan, Texas, and New York also have sizable differences. Massachusetts is the only state in which low-income children are in center-based care in larger proportions than higher-income children (a difference of 14 percentage points).
- It appears that in most states children of low-income and higher-income families are placed in *family child care* in similar proportions (table 1). Mississippi has the largest difference between the low- and higher-income children in the use of family child care (9 percentage points greater among higher-income children).
- Generally within the states, low-income families rely on *relatives* more than do higher-income families. In three states—Minnesota, Mississippi, and Alabama—low-income families have much higher percentages of children in relative care than higher-income families (26, 22, and 18 percentage points greater, respectively).
- The use of *parent care* among low-income children is greater than among higher-income children in most states. For example, the percentage of low-income children in parent care in Texas is considerably larger than that of higher-income children (17 percentage points greater). Massachusetts, in contrast, is the only state in which the percentage of higher-income children in parent care is considerably greater than that of low-income children (12 percentage points greater).



Conclusions

This brief documents differences in the utilization of child care arrangements across states for preschoolers of varying ages and incomes. Three important findings emerge. First, while parents work, a large majority of preschool children, regardless of age or income, are regularly cared for by individuals other than their parents. This fact is true nationally and in every state examined here, and it emphasizes the importance of child care in the lives of America's families. The high utilization of child care reinforces the need for policymakers to pay close attention to the experiences of children while they are in child care.

Second, this brief shows how the availability of state-specific child care data can illuminate vast differences in child care experiences across states. The NSAF estimates reveal, for example, that Alabama, Florida, Minnesota, Texas, and Mississippi have the largest proportions of children under five in center-based care, while the largest proportion of preschool children in California, Massachusetts, and Washington are cared for by parents.

Finally, common conceptions of where children are placed in care sometimes do not hold. While infants and toddlers are more likely to be cared for in less formal child care arrangements (such as relatives and parents), and three- and four-year-olds are more likely to be in center-based care, there are clear exceptions. In Michigan and Minnesota, for example, almost 30 percent of infants and toddlers are in center-based care, and in Washington, close to 33 percent of three- and four-year-olds have parent care as their primary arrangement. Also contrary to expectations, low-income children are not always more likely to be in less formal arrangements and higher-income children are not always more likely to be in center-based care. Indeed, more low-income children are in center-based care than any other kind of arrangement in Massachusetts, while parent care is the predominant form of care for higher-income children in both California and Massachusetts.

While this brief documents differences that exist in the types of care used across states, it is only an initial step to a better understanding of state-level patterns of child care. The next step is to explore why these state differences exist and whether they are due to such factors as

differences in parental work patterns, the supply of child care, family structure, cultural preferences, and child care policies. As it is apparent that there is no single factor that can explain state variation, future research using multivariate analysis is necessary to illuminate how these forces are associated with the state differences.

The findings that do emerge from this brief, however, highlight both the reliance of America's families on nonparental care and the differences in the types of nonparental care used across states. They reinforce the importance of continuing to explore state differences in child care through state-specific data, such as the National Survey of America's Families, and to emphasize the challenges facing policymakers across the country as they work to develop policies to support the child care choices of families within their states.

Notes

The authors thank James Barsimantov for his excellent research assistance as well as Alan Weil, Stefanie Schmidt, Linda Giannarelli, Joan Lombardi, Sandy Hofferth, and Lynne Casper for helpful comments on earlier versions of the brief.

1. The National Survey of America's Families is a national survey of over 44,000 households and is representative of the noninstitutionalized, civilian population of persons under age 65 in the nation as a whole and in 13 focal states. The survey focuses primarily on health care, income support, job training, and social services, including child care.
2. The states are Alabama, California, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. Colorado is also a focal state in the *Assessing the New Federalism* (ANF) project but is not included in these analyses. Due to the late addition of Colorado to the ANF project, responses to the child care questions from a large number of Colorado respondents were received during the summer months and did not provide information on nonsummer child care arrangements, which are the focus of this analysis. Because of the small size of the nonsummer sample from Colorado, it is excluded from the analysis.
3. For more on NSAF survey methods, including the "most knowledgeable adult," see Dean Brick et al. (1999).
4. The mother of the child was the "most knowledgeable adult" for 83 percent of the children in the sample.
5. Because child care arrangements and hours spent in care can vary widely from the school year to the summer, the observations with data on child care relating to the summer months (June 12 to September 26) were not included in this analysis. The observations that are included are weighted to provide representative data on child care during the school year.
6. The survey did not include questions about parental care, which could include care provided by the other parent, the mother caring for the child while she worked, or care for the child at home by a self-employed mother. If the respondent did not report an arrangement, the child is assumed to be in one of these "parental care" categories. We are confident that this measure captures parental arrangements because the share of children of employed parents with parents as the primary arrangement in the NSAF (24 percent) is the same as the share of preschool children (24 percent) in the 1994 Survey of Income and Program Participation (SIPP) who were cared for primarily by their mother at work or their father while their mother was working (Casper 1997).
7. Because of the small percentage of children using nannies or baby-sitters as their primary care provider, this arrangement is not discussed in the following sections.
8. It is important to note that the data on primary care arrangements presented in this brief

underestimate the use of any particular form of child care because the estimates do not reflect the extent to which each arrangement may be used as a secondary child care arrangement. For example, children with a center-based primary care arrangement may also use relatives, family child care, or nannies for shorter periods of time regularly each week. A later NSAF brief will look more closely at the use of multiple child care arrangements.

9. The states that have the highest and lowest percentages of children in a given arrangement are presented here. These states are statistically different from each other at the .05 level. Differences among other states not presented may or may not be statistically significant. In addition, one should be cautious in interpreting the actual point estimates because of the sizes of the state samples. Confidence levels around national point estimates averaged +/- 3 percentage points, and the confidence intervals around subpopulation point estimates within states were larger (+/- 7 percentage points for our state estimates of age and income subpopulations).

10. A low-income family is a family with an income equal to or below 200 percent of the poverty level (i.e., \$25,258 for a family of two adults and one child in 1997).

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About the Authors

Jeffery Capizzano is a research associate in the Urban Institute's Population Studies Center. He has written and published in the areas of transportation and welfare policy and is currently working on an investigation of child care policy in 13 states.

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Comments and questions may be sent via email to webmaster@ui.urban.org

To: Genie Chougar 615-340-3275

From: Ann O'Leary

Re: Child Care Costs

Genie -

Attached pls. find good information on avg. cost of child care broken down by race, urban, and by state.

The data on Child Care as a percentage of expenditures for family income that I have is too old - 1993. Someone is compiling better data and will have it to me by the end of the day. I'll get it to you then.

Call with any questions

- Ann



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243 Church Street, NW 2nd Floor

Vienna, Virginia 22180-4434

Phone: (800) 616-2242 Fax: (800) 716-2242 TTY: (800) 516-2242

World Wide Web: <http://nccic.org>

FAX TRANSMITTAL SHEET

Date: August 3, 2000

To: Ann O'Leary
White House Domestic Policy Council

From: Tracy Dry, Research Associate

Fax #: 202-456-2878

Number of pages: 20 (including cover)

Dear Ms. O'Leary:

Thank you for contacting the National Child Care Information Center. Attached is the response to your request for the average cost of child care in the United States. You may also be interested in the Statistics and Data section of NCCIC's Web site under child care topics at <http://nccic.org/cctopics.html>.

The National Child Care Information Center does not endorse any organization, publication or resource. If you have any additional questions, please do not hesitate to contact us again.



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World Wide Web: <http://nccic.org>

AVERAGE COST of CHILD CARE in the UNITED STATES

Child care costs vary by community and by state, as well as by the type of care used by the family (e.g., center-based care tends to be more expensive than family child care) and the age of the child.

A useful source for this information in an individual community is generally a child care resource and referral agency. These agencies collect information on the supply and demand of child care in a local community. To find a resource and referral agency in a particular community, call Child Care Aware at 800-424-2246. They will locate an agency within a given county for you.

The National Association of Child Care Resource and Referral Agencies (NACCRRA) and the Child Care Information Exchange produced the attached Trend Report, "Child Care Fees Across the Nation" (April 1998). For additional information, contact NACCRRA at 202-393-5501 or on the Web at <http://www.naccrra.org>.

Issue Brief: The High Cost of Child Care Puts Quality Care Out of Reach for Many Families (1998) by the Children's Defense Fund, states:

Child care can easily cost an average of \$4,000 to \$6,000 a year, and may cost as much as \$10,000. Families with infants in care must grapple with particularly high costs. Among the cities surveyed, the average price of center care for infants is generally about \$1,000 more than the average price of center care for 4-year-olds (page 1).

The *Issue Brief* includes the average annual costs in urban areas, rural areas and statewide, for a 4-year-old and a 12-month-old in center care and family child care. The Brief also includes information about the average annual costs in urban areas, rural areas and statewide for a school-age child in center care and family child care. These excerpts are attached. For additional information contact the Children's Defense Fund at 202-628-8787 or on the Web at <http://www.childrensdefense.org>.

According to the *Cost, Quality and Child Outcomes in Child Care Centers* (1995) study:

The average full time monthly fee charged by centers for the care of infants is \$451 (\$435 in nonprofit centers, \$462 in for profit centers). The average full time monthly fee charged by centers for the care of preschool children is \$372 (\$358 in nonprofit centers, \$384 in for profit centers) (page 57).

For more information about this study, contact the Economics Department at the University of Colorado at Denver at 303-556-4934.

The National Child Care Information Center does not endorse any organization, resource or publication.

Child Care Fees Across the Nation

In January of 1998, the National Association of Child Care Resource and Referral Agencies (NACCRRA) collected detailed information from its member agencies in every state on child care fees for centers and family child care homes in effect in 1997. Presented here is data from representative states from all regions of the country. In the tables, school age refers to children 8-12 years old. The dollar amounts represent the average cost of care in each state.

As you can see, there are enormous variations in fees from one state to the next. Although some differences in fees result from whether parents pay for or provide such items as meals and diapers, the variables that really make a difference are staffing and occupancy costs.

In combination, these two categories account for nearly 85% of the budget in most centers. Clearly cost savings taken out of the staffing category have the greatest negative impact on center quality, whether these savings be in the form of weaker ratios or lower wages.

But what causes fees to be so much higher in one state than another? Many economic factors come into play, such as local cost of living variations, states labor costs, rental costs for building space, per capita income, and licensing standards. While some speculate that particularly permissive licensing standards enable low quality centers (centers with low investment

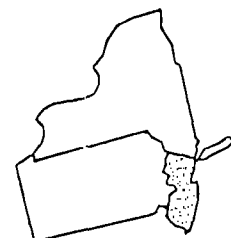
Massachusetts

Age	Child Care Center	Family Child Care Home
12 months	\$190/week	\$142/week
4 years	\$137/week	\$137/week
School age	\$ 62/week	\$3.75/hour



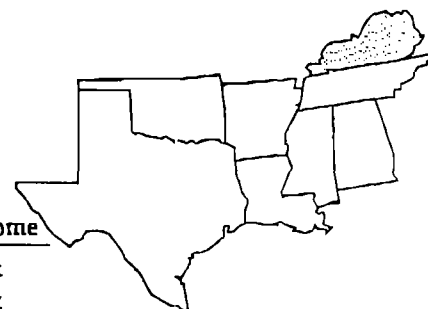
New Jersey

Age	Child Care Center	Family Child Care Home
12 months	\$137/week	\$138/week
4 years	\$124/week	\$133/week
School age	\$4.70/hour	\$4.00/hour



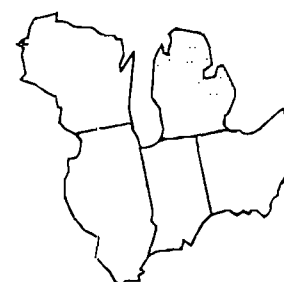
Kentucky

Age	Child Care Center	Family Child Care Home
12 months	\$ 64/week	\$ 62/week
4 years	\$ 63/week	\$ 61/week
School age	\$3.17/hour	\$2.32/hour



Michigan

Age	Child Care Center	Family Child Care Home
12 months	\$121/week	\$ 92/week
4 years	\$ 96/week	\$ 92/week
School age	\$2.41/hour	\$1.99/hour



in staffing) to proliferate, it is impossible to know with certainty which of the above factors has the strongest impact on child care costs.

Inside Child Care is a joint project of NACCRRRA and *Child Care Information Exchange*, two organizations that are in touch with the financial, demographic, and organizational trends in child care. These trend reports are provided ten times a year at no cost to decision makers and information disseminators in the early childhood arena. Future reports will focus on topics such as federal funding, the demand for child care, school-age care, and state reimbursement policies.

For information about NACCRRRA and *Child Care Information Exchange*, please refer to the box at the top of this page.

DATA SOURCES

Arizona

Child and Family Resources, Inc.
Tucson, AZ

Florida

Florida Children's Forum
Tallahassee, FL

Kentucky

Community Coordinated Child Care
Louisville, KY

Massachusetts

Child Care Resources Center
Cambridge, MA

Michigan

Michigan 4Cs Association
East Lansing, MI

Minnesota

Minnesota Child Care Resource
and Referral Network
Rochester, MN

New Jersey

Child Care Connection
Trenton, NJ

Washington

Washington State CCR&R Network
Seattle, WA

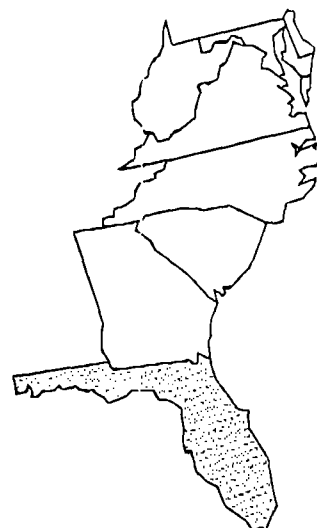
Minnesota

Age	Child Care Center	Family Child Care Home
12 months	\$159/week	\$ 90/week
4 years	\$117/week	\$ 86/week
School age	\$3.90/hour	\$2.36/hour



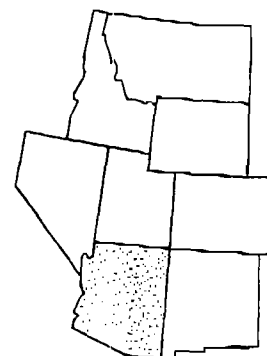
Florida

Age	Child Care Center	Family Child Care Home
12 months	\$ 84/week	\$ 82/week
4 years	\$ 73/week	\$ 75/week
School age	\$ 58-63/week	\$ 66/week



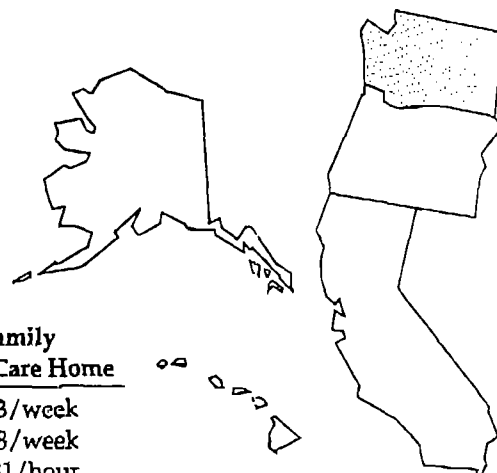
Arizona

Age	Child Care Center	Family Child Care Home
12 months	\$ 91/week	\$ 70/week
4 years	\$ 72/week	\$ 67/week
School age	\$2.52/hour	\$2.94/hour



Washington

Age	Child Care Center	Family Child Care Home
12 months	\$129/week	\$103/week
4 years	\$ 96/week	\$ 88/week
School age	\$3.33/hour	\$2.81/hour



ISSUE BRIEF:

**THE HIGH COST OF CHILD CARE PUTS QUALITY CARE
OUT OF REACH FOR MANY FAMILIES**

**Karen Schulman
Gina Adams**

**Children's Defense Fund
December 1998**

Key Findings from Tables A-2-A-4.

Child Care Centers: Average Annual Costs

- The average cost of center care for a 4-year-old in an urban area exceeds \$4,000 in over two-thirds of the states and is over \$5,000 in one-third of the states (Table A-2).
- The average cost of center care for a 12-month-old in an urban area is above \$5,500 per year in half the states, including 11 urban areas where child care center costs for an infant average more than \$7,000 per year (Table A-2).
- In cities, average child care costs can be hundreds or thousands of dollars more than the statewide average. However, the pattern is not uniform nationwide. In some cities, such as Providence, R.I., Columbia, S.C. and Detroit, average child care costs for infants and preschoolers are lower than the statewide averages (Tables A-2 and A-4).
- In over half of the 39 rural areas for which data on this type of care are available, average child care center costs for 4-year-olds are above \$3,500 per year, including seven rural areas where average child care center costs for 4-year-olds are above \$5,000 per year (Table A-3).
- In half the 35 rural areas for which we have data on this type of care, average child care center costs for 12-month-olds are above \$4,500 per year, including 11 rural areas where average child care center costs for 12-month-olds are above \$5,000 per year (Table A-3).
- Of the 30 states providing statewide data on this type of care, the average annual cost of center care for a 4-year-old is above \$4,000 in over half (18), including three states where the cost is above \$6,000 (Table A-4).
- Among the states for which we have statewide data, the average cost of center care for a 4-year-old ranges from \$3,120 per year in West Virginia to \$7,119 in Massachusetts (Table A-4).
- The statewide average cost of infant care in a center is more than \$4,000 per year in 24 out of 30 states for which data are available, and \$5,000 per year or more in about half of the states (Table A-4).
- Among the states for which we have statewide data, the statewide average cost of center care for an infant ranges from \$3,318 per year in Kentucky to \$9,854 per year in Massachusetts (Table A-4).
- In six states (California, Connecticut, Maryland, Massachusetts, Minnesota, and Rhode Island), the average statewide cost of center care for an infant is \$7,000 per year or more (Table A-4).

Table A-2. Child Care Centers: Average Annual Costs in Urban Areas			
State	Urban area (47 urban areas total)	Average annual cost of center care for a 4-year-old	Average annual cost of center care for a 12-month-old
Alabama	Birmingham	\$3,342	\$3,833
Alaska	Anchorage	5,784	6,660
Arizona	Tucson	4,087	5,058
Arkansas	Fayetteville, Rogers, and Bentonville	3,900	4,420
California	Alameda County	6,032	6,864
Colorado	Denver	4,576	5,096
Connecticut	Hartford	5,710	7,194
Delaware	Wilmington	4,871	5,782
Florida	Urban counties	3,844	4,387
Georgia	Atlanta	4,992	4,524
Hawaii	Honolulu	6,188	7,270
Idaho	Ada County (Boise)	4,354	4,896
Illinois	Cook County (Chicago)	5,304	8,268
Indiana		not available	not available
Iowa		not available	not available
Kansas	Johnson County (Kansas City)	5,200	6,760
Kentucky	Louisville	3,905	4,320
Louisiana	New Orleans metro area	3,470	3,677
Maine	Portland	5,356	6,916
Maryland	Baltimore (city only)	4,528	7,980
Massachusetts	Boston	7,904	12,324
Michigan	Wayne County (Detroit)	4,715	6,056
Minnesota	Minneapolis	6,662	9,447
Mississippi		not available	not available
Missouri	Greater St. Louis	4,940	5,200
Montana	Missoula County	3,900	4,680
Nebraska	Omaha	4,940	5,200
Nevada	Washoe County (Reno)	4,420	5,200
New Hampshire	Nashua	5,876	7,228
New Jersey	Trenton	4,628	5,824
New Mexico	Albuquerque metro area	4,190	4,903
New York	Albany County	6,708	7,956
North Carolina	Wake County	5,068	5,836
North Dakota	Urban areas	4,193	4,885
Ohio	Columbus	4,940	6,500
Oklahoma	Tulsa, Oklahoma, Cleveland, Canadian cos.	4,056	4,628
Oregon	Salem	4,723	5,857
Pennsylvania	Allegheny County	5,465	6,664
Rhode Island	Providence	4,420	6,500
South Carolina	Columbia	3,380	3,900

(table continues)

Table A-2 (continued). Child Care Centers: Average Annual Costs in Urban Areas			
State	Urban area	Average annual cost of center care for a 4-year-old	Average annual cost of center care for a 12-month-old
South Dakota	Sioux Falls	\$3,900	\$4,420
Tennessee	Knoxville	3,446	3,633
Texas	Dallas	3,789	4,838
Utah	Provo	3,488	4,837
Vermont	Burlington	5,876	6,604
Virginia	Fairfax	7,020	8,892
Washington	Seattle	6,136	8,840
West Virginia	Huntington	3,484	4,888
Wisconsin	Dane County	6,240	7,696
Wyoming	Casper	3,848	4,784

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Table A-3. Child Care Centers: Average Annual Costs in Rural Areas

State	Rural area (39 rural areas total)	Average annual cost of center care for a 4-year-old	Average annual cost of center care for a 12-month-old
Alabama	Blount County	\$2,934	\$3,293
Arizona	Yuma County	3,184	3,900
Arkansas	Rural counties	3,120	3,640
California	Fresno County	5,044	6,552
Colorado	Southeastern rural counties	3,444	3,480
Connecticut	Southbury	7,010	7,717
Delaware	Sussex County	3,636	4,321
Florida	Florida's rural counties	3,496	3,825
Georgia	Tifton/Tift	2,756	2,860
Hawaii	Waianae	4,083	not available
Idaho	Rural areas	3,024	3,287
Iowa	Fort Madison	2,990	3,380
Kansas	Neosho County (Chanute)	3,120	not available
Kentucky	Bullitt County	3,331	3,700
Louisiana	Lafayette	3,187	3,438
Maine	Gray	5,200	5,720
Maryland	Allegany, Garrett, Washington cos.	3,636	4,560
Massachusetts	Hampshire County	6,812	8,164
Michigan	Muskegan County	4,505	4,786
Minnesota	Clay County	4,394	5,213
Missouri	Franklin County	3,900	3,900
Montana	Ravalli County	3,536	not available
Nebraska	Fremont	4,290	4,550
New Hampshire	Cheshire County	5,044	6,032
New Jersey	Somerset County	7,176	8,164
New York	Broome County (Binghamton)	5,148	5,616
North Carolina	Davidson County	3,650	4,011
North Dakota	Rural areas	3,863	4,176
Ohio	Lorain County	4,420	5,824
Oklahoma	59 Rural counties	2,808	3,068
Oregon	Wasco and Hood River counties	3,858	4,797
Pennsylvania	Lawrence	4,935	5,915
Rhode Island	Burrillville	3,900	not available
South Carolina	Williamsburg County	2,578	3,043
Utah	Richfield	3,055	4,420
Virginia	Norfolk	2,860	4,680
Washington	Chelan and Douglas counties	4,108	4,888
West Virginia	Mercer County	3,510	4,420
Wisconsin	Calumet County	4,004	5,629

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Table A-4. Child Care Centers: Average Annual Costs Statewide		
State (31 states total)	Average annual cost of center care for a 4-year-old	Average annual cost of center care for a 12-month-old
California	\$4,888	\$7,020
Colorado	4,035	not available
Connecticut	6,487	8,231
Delaware	4,531	5,492
Florida	3,813	4,762
Georgia	3,900	4,576
Hawaii	4,744	6,500
Illinois	4,921	6,987
Iowa	4,458	5,211
Kentucky	3,276	3,318
Louisiana	3,264	3,471
Maryland	4,968	7,919
Massachusetts	7,119	9,854
Michigan	4,970	6,287
Minnesota	6,072	8,273
Mississippi	3,172	3,406
Nevada	4,160	4,490
New Hampshire	5,096	6,084
New Mexico	3,943	4,487
New York	5,612	6,346
North Carolina	3,696	4,776
North Dakota	4,083	4,619
Ohio	4,056	4,940
Oklahoma	3,536	3,952
Rhode Island	4,784	7,020
South Carolina	3,744	4,160
South Dakota	not available	4,680
Texas	3,335	3,647
Utah	3,266	4,351
Washington	4,992	6,708
West Virginia	3,120	3,432

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Key Findings from Tables A-5-A-7.

Family Child Care: Average Annual Costs

- In nearly half of the urban areas for which we have data on this type of care (21 out of 44 cities), the average cost of family child care for a 4-year-old is over \$4,500 per year (Table A-5).
- In over half of the urban areas for which we have data on this type of care (24 out of 45 cities), the average cost of family child care for a 12-month-old is more than \$4,500 per year, including 10 cities where the average cost is higher than \$5,500 per year (Table A-5).
- In half of the rural areas for which we have data on this type of care (20 out of 40 rural areas), the average cost of family child care for a 4-year-old is over \$3,700 per year (Table A-6).
- In over half of the rural areas for which we have data on this type of care (24 out of 39 rural areas), the average cost of family child care for a 12-month-old is \$3,900 per year or more (Table A-6).
- In general, family child care is somewhat less expensive than center care. However, in a number of communities—especially rural communities—the average cost of family child care is higher than the average cost of center care. For instance, in 11 states (Alabama, Arizona, Arkansas, Connecticut, Georgia, Hawaii, Maryland, Montana, New Jersey, Oregon, and Rhode Island), the rural area surveyed has higher average costs for family child care than for center care for an infant and/or preschooler.

Table A-5. Family Child Care: Average Annual Costs in Urban Areas			
State	Urban area (46 urban areas total)	Average annual cost of family child care for a 4-year-old	Average annual cost of family child care for a 12-month-old
Alabama	Birmingham	\$3,324	\$3,408
Alaska	Anchorage	5,784	5,844
Arizona	Tucson	3,608	3,826
Arkansas	Fayetteville, Rogers, and Bentonville	3,380	4,420
California	Alameda County	5,200	5,668
Colorado	Denver	4,576	5,096
Connecticut	Hartford	4,825	5,258
Delaware	Wilmington	3,983	4,349
Georgia	Atlanta	5,200	5,616
Hawaii	Honolulu	5,212	5,224
Idaho	Ada County (Boise)	4,064	4,218
Illinois	Cook County (Chicago)	4,836	5,460
Iowa	Davenport	3,864	3,960
Kansas	Johnson County (Kansas City)	4,940	5,200
Kentucky	Louisville	3,602	3,869
Louisiana	New Orleans metro area	2,421	2,444
Maine	Portland	5,148	5,772
Maryland	Baltimore (city only)	4,159	4,835
Massachusetts	Boston	6,175	6,646
Michigan	Wayne County (Detroit)	4,628	5,198
Minnesota	Minneapolis	5,088	5,419
Missouri	Greater St. Louis	3,900	4,420
Montana	Missoula	3,900	4,420
Nebraska	Omaha	4,680	4,680
New Hampshire	Nashua	5,460	5,876
New Jersey	Trenton	4,264	4,628
New York	Albany County	5,200	5,980
North Carolina	Wake County	5,008	5,068
North Dakota	Average of eight largest cities	4,016	4,152
Ohio	Columbus	4,108	4,472
Oklahoma	Canadian, Cleveland, Oklahoma, and Tulsa	3,276	3,536
Oregon	Salem	4,085	4,285
Pennsylvania	Northeast Philadelphia	4,625	4,992
Rhode Island	Providence	3,900	4,524
South Carolina	Columbia	3,428	3,521
South Dakota	Minnehaha	not available	3,770
Tennessee	Knoxville	3,345	3,428
Texas	Dallas	3,375	3,877
Utah	Provo	3,722	3,836
Vermont	Burlington	5,148	5,200
Virginia	Fairfax	6,708	7,280
Washington	Seattle	5,824	6,916
West Virginia	Wheeling	3,900	4,290
Wisconsin	Dane County	6,188	6,760
Wyoming	Casper	3,380	3,900

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Table A-6. Family Child Care: Average Annual Costs in Rural Areas

State	Rural area (40 rural areas total)	Average annual cost of family child care for a 4-year-old	Average annual cost of family child care for a 12-month-old
Alabama	Blount County	\$3,118	\$3,135
Arizona	Yuma	3,207	3,321
Arkansas	Rural counties	3,120	3,900
California	Fresno County	4,607	4,904
Colorado	Southeastern rural counties	3,357	3,449
Connecticut	Southbury	7,696	7,878
Delaware	Sussex County	3,331	3,565
Georgia	Tifton/Tift	2,860	2,860
Hawaii	Waianae	4,704	4,652
Idaho	Rural counties	3,002	3,233
Iowa	Oskaloosa	3,925	4,174
Kansas	Ft. Scott, Bourbon County	2,600	2,860
Kentucky	Bullitt County	3,068	3,315
Louisiana	Lafayette	2,714	2,919
Maine	Gray	4,576	4,888
Maryland	Allegany, Garrett, and Washington cos.	3,670	3,992
Massachusetts	Hampshire County	6,552	6,708
Michigan	Muskegan County	4,482	4,555
Minnesota	Clay County	3,969	4,039
Missouri	Warren County	3,380	3,900
Montana	Ravalli County	3,770	3,900
Nebraska	Fremont	3,900	3,900
New Hampshire	Cheshire County	4,056	3,796
New Jersey	Somerset County	8,320	8,476
New York	Broome County (Binghamton)	4,420	4,680
North Carolina	Davidson County	3,651	3,939
North Dakota	Rural areas	3,849	3,944
Ohio	Lorain County	4,212	4,316
Oklahoma	59 Rural counties	2,808	3,068
Oregon	Wasco and Hood River counties	4,095	4,095
Pennsylvania	Lawrence	4,610	4,706
Rhode Island	Burrillville	5,148	not available
South Carolina	Williamsburg County	2,578	3,043
South Dakota	Brookings	3,120	3,120
Utah	Richfield	2,887	3,420
Vermont	Hinesburg	4,420	4,628
Virginia	Norfolk	2,600	3,380
Washington	Chelan and Douglas counties	3,588	3,952
West Virginia	Lincoln County	2,600	3,120
Wisconsin	Adams County	4,615	5,148

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Table A-7. Family Child Care: Average Annual Costs Statewide		
State (29 states total)	Average annual cost of family child care for a 4-year-old	Average annual cost of family child care for a 12-month-old
Arizona	\$3,473	\$3,659
Colorado	4,035	not available
Connecticut	6,407	8,231
Delaware	4,075	4,375
Georgia	3,380	3,900
Hawaii	4,836	4,913
Illinois	4,242	4,600
Iowa	3,964	4,108
Kentucky	3,150	3,235
Louisiana	2,595	2,677
Maryland	4,544	5,330
Massachusetts	7,116	7,380
Michigan	4,789	4,799
Minnesota	4,481	4,694
Mississippi	2,080	2,210
New Hampshire	5,044	5,304
New Mexico	3,133	3,637
New York	4,718	5,020
North Carolina	3,648	3,936
North Dakota	3,957	4,079
Ohio	3,900	4,108
Oklahoma	3,120	3,432
Rhode Island	4,680	5,356
South Carolina	3,432	3,640
South Dakota	not available	3,510
Utah	3,145	3,597
Vermont	4,193	4,803
Washington	4,576	5,356
West Virginia	2,860	3,120

Source: Data collected from local resource and referral agencies through a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies, February 1998.

Key Findings from Tables A-8–A-10.

School-Age Care: Average Annual Costs

- In half of the urban areas for which we have information about this type of care, the average annual cost of school-age care in a center is above \$3,500 (Table A-8).
- In half of the rural areas for which we have information about this type of care, the average annual cost of school-age care in a center exceeds \$2,500 (Table A-9).

Table A-8. School-Age Care: Average Annual Costs in Urban Areas			
State	Urban area (43 urban areas total)	Average annual cost for center care for a school-age child	Average annual cost for family child care for a school-age child
Alabama	Birmingham	\$2,013	\$2,061
Alaska	Anchorage	4,016	4,016
Arizona	Tucson	3,283	3,630
Arkansas	Fayetteville, Rogers, and Bentonville	2,396	2,396
California	Alameda County	4,133	4,133
Colorado	Denver	4,193	3,366
Connecticut	Hartford	4,493	4,229
Delaware	Wilmington	3,295	3,929
Georgia	Atlanta	3,081	3,423
Hawaii*	Honolulu	\$55/month	not available
Idaho	Ada County (Boise)	4,205	2,648
Illinois	Cook County (Chicago)	4,587	4,587
Iowa	Davenport	not available	2,456
Kansas	Johnson County (Kansas City)	3,423	2,738
Kentucky	Louisville	3,965	3,295
Louisiana	New Orleans metro area	1,833	1,975
Maine	Portland	3,894	4,325
Maryland	Baltimore (city only)	3,306	3,354
Massachusetts	Boston	4,929	5,523
Michigan	Wayne County (Detroit)	2,348	2,144
Minnesota	Minneapolis	5,667	3,929
Montana	Missoula County	2,995	2,246
Nebraska	Omaha	3,055	3,295
New Hampshire	Nashua	3,834	3,953
New Jersey	Trenton	4,450	4,193
New York	Albany County	4,660	3,450
North Carolina	Wake County	3,304	3,289
North Dakota	Urban areas	2,636	2,216
Ohio	Columbus	2,636	2,366
Oklahoma	Tulsa, Oklahoma, Cleveland, and Canadian cos.	4,244	3,628
Oregon	Salem	2,396	2,192
Pennsylvania*	Allegheny County and northeast Philadelphia	4,385	3,577
Rhode Island	Providence	6,948	3,594
South Carolina	Columbia	2,396	2,396
Tennessee	Knoxville	3,311	3,636
Texas	Dallas	3,822	2,959
Utah	Provo	2,995	1,941
Vermont	Burlington	3,002	3,414

(table continues)

Table A-8 (continued). School-Age Care: Average Annual Costs in Urban Areas

State	Urban area	Average annual cost for center care for a school-age child	Average annual cost for family child care for a school-age child
South Carolina	Columbia	2,396	2,396
Tennessee	Knoxville	3,311	3,636
Texas	Dallas	3,822	2,959
Utah	Provo	2,995	1,941
Vermont	Burlington	3,002	3,414
Virginia	Fairfax	6,240	5,460
Washington	Seattle	4,972	4,241
West Virginia	Huntington	2,396	not available
Wisconsin	Dane County	4,373	3,594
Wyoming	Casper	not available	2,037

***Notes:**

Hawaii's Department of Education funds the "A+" After-School Program in every school in Hawaii; the cost to the parent is reflected here.

In Pennsylvania, center costs are for Allegheny County; family child care costs are for northeast Philadelphia.

Source: Annual school-age child care costs were calculated from hourly and/or weekly costs reported by resource and referral agencies for a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies. The annual costs include costs for before- and after-school care during school days and costs for care during summer vacations and school holidays. In calculating school-age costs, CDF assumed that children of working parents are in before- and after-school care for a total of 3.5 hours per day, 180 days per year and in full-day care (8 hours per day) during 71 non-school weekdays (the remaining days would be either weekends or the parents' vacation time).

Table A-9. School-Age Care: Average Annual Costs in Rural Areas

State	Child care center costs		Family child care costs	
	Rural area (35 rural areas total)	Average annual cost for a school-age child	Rural area (37 rural areas total)	Average annual cost for a school-age child
Alabama	Blount County	\$1,198	Blount County	\$1,653
Arizona	Yuma County	2,588	Yuma	1,450
Arkansas	Rural counties	2,396	Rural counties	2,396
California	Fresno County	3,414	Fresno County	2,935
Colorado	Southeastern rural counties	3,977	Southeastern rural counties	3,994
Connecticut	Southbury	4,792	Southbury	4,564
Delaware	Sussex County	2,755	Sussex County	3,019
Georgia	Tifton/Tift	1,711	Tifton/Tift	1,711
Hawaii*	Waianae	\$55/month	Waianae	3,594
Iowa	Fort Madison	1,797	Oskaloosa	2,013
Kansas	Ncosho County (Chanute)	2,791	Bourbon County (Ft. Scott)	1,641
Louisiana	Lafayette	2,073	Lafayette	1,369
Maine	Gray	4,450	Gray	3,738
Maryland	Allegany, Garrett, Washington cos.	2,612	Allegany, Garrett, Washington	2,684
Massachusetts	Hampshire County	3,971	Hampshire County	3,486
Michigan	Muskegan County	2,648	Muskegan County	2,312
Minnesota	Clay County	2,396	Clay County	2,144
Montana	Ravalli County	2,037	Ravalli County	2,696
Nebraska	Fremont	2,696	Fremont	2,097
New Hampshire	Cheshire County	3,295	Cheshire County	2,791
New Jersey	Somerset County	4,792	Somerset County	4,792
New York	Broome County (Binghamton)	not available	Broome County (Binghamton)	3,127
North Carolina	Davidson County	1,818	Davidson County	2,396
North Dakota	Rural areas	2,168	Rural areas	2,085
Ohio	Lorain County	2,216	Lorain County	2,396
Oklahoma	59 Rural counties	3,217	59 Rural counties	3,286
Oregon	Wasco and Hood River counties	1,941	Wasco and Hood River cos.	2,049
Pennsylvania	Lawrence	3,793	Lawrence	3,748
Rhode Island	Burrillville	4,792	Burrillville	4,792
South Carolina	Williamsburg County	2,276	Williamsburg County	2,276
South Dakota	Brookings	2,432	Brookings	2,432
Utah	Richfield	2,995	Richfield	1,917
Vermont	Hinesburg	not available	Hinesburg	3,354
Virginia	Norfolk	3,900	Norfolk	1,300

(table continues)

Table A-9 (continued). School-Age Care: Average Annual Costs in Rural Areas				
State	Child care center costs		Family child care costs	
	Rural area (35 rural areas total)	Average annual cost for a school-age child	Rural area (37 rural areas total)	Average annual cost for a school-age child
Washington	Chelan and Douglas counties	\$2,360	Chelan and Douglas counties	\$2,600
West Virginia	Mercer County	2,001	Lincoln County	2,396
Wisconsin	Calumet County	2,731	Adams County	3,989

*Note: Hawaii's Department of Education funds the "A+" After-School Program in every school in Hawaii—the cost to the parent is reflected here.

Source: Annual school-age child care costs were calculated from hourly and/or weekly costs reported by resource and referral agencies for a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies. The annual costs include costs for before- and after-school care during school days and costs for care during summer vacations and school holidays. In calculating school-age costs, CDF assumed that children of working parents are in before- and after-school care for a total of 3.5 hours per day, 180 days per year and in full-day care (8 hours per day) during 71 non-school weekdays (the remaining days would be either weekends or the parents' vacation time).

Table A-10. School-Age Care: Average Annual Costs Statewide		
State (28 states total)	Average annual cost of center care for a school-age child	Average annual cost of family child care for a school-age child
Arizona	not available	\$3,522
California	\$3,594	not available
Connecticut	4,504	4,193
Delaware	3,618	3,546
Georgia	1,711	2,738
Hawaii	\$55/month*	2,875
Illinois	3,402	2,767
Iowa	2,432	2,288
Kentucky	3,798	2,779
Louisiana	2,480	2,000
Maryland	3,654	3,606
Massachusetts	4,261	4,493
Michigan	2,887	2,384
Minnesota	4,672	2,827
Mississippi	2,779	1,773
Nevada	2,738	not available
New Hampshire	2,995	3,678
New York	3,378	3,378
North Dakota	2,420	2,156
Ohio	2,216	2,186
Oklahoma	2,612	3,882
Rhode Island	6,589	3,594
South Carolina	2,995	2,396
Texas	2,869	not available
Utah	3,079	2,624
Vermont	not available	2,648
Washington	3,989	3,366
West Virginia	2,396	2,396

*Note: Hawaii's Department of Education funds the "A+" After-School Program in every school in Hawaii; the cost to the parent is reflected here.

Source: Annual school-age child care costs were calculated from hourly and/or weekly costs reported by resource and referral agencies for a joint survey by the Children's Defense Fund and the National Association of Child Care Resource and Referral Agencies. The annual costs include costs for before- and after-school care during school days and costs for care during summer vacations and school holidays. In calculating school-age costs, CDF assumed that children of working parents are in before- and after-school care for a total of 3.5 hours per day, 180 days per year and in full-day care (8 hours per day) during 71 non-school weekdays (the remaining days would be either weekends or the parents' vacation time).

TO : Genie Chouh
615/340-3275

FROM: Ann O'Leary

SUBJECT: Better child care cost info.

Dear Ms. O Leary:

Thank you for contacting the National Child Care Information Center. Attached is information about the percent of family income spent for child care in the United States. As you and Nina Stanton discussed during your telephone conversation, the U.S. Census Report What Does it Cost to Mind Our Preschoolers? (September 1995) reports 1993 data. For updated information, you may be interested in contacting Kristin Smith, Research Analyst and Demographer, Fertility and Family Statistics Branch, U.S. Department of Commerce, Bureau of the Census at 301-457-2416.

The National Child Care Information Center does not endorse any organization, publication or resource. If you have any additional questions, please do not hesitate to contact us again.

Sincerely,
Tracy Dry
Research Associate
National Child Care Information Center
800-616-2242
tdry@nccic.org



- %income.spent.cc.NEW.wpd



Center

National Child Care Information

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World Wide Web: <http://nccic.org>

PERCENT of FAMILY INCOME SPENT for CHILD CARE in the UNITED STATES

■ “What Does it Cost to Mind Our Preschoolers?” (September 1995), by the U.S. Census Bureau, contains information by region about the percent of income spent per month on child care. This resource is available on the Web at <http://blue.census.gov/prod/1/pop/p70-52.pdf>. If you have questions about this information, you may wish to contact Kristin Smith at 301-457-2416.

■ “The Cost of Center-Based Child Care”(February 1997) by Roger Neugebauer in *Inside Child Care: Trend Report 2000*, published by the Child Care Information Exchange, states:

... the Census Bureau has reported that families expend anywhere from 7% to 27% of their monthly income on child care (Casper) (page 27).

For additional information, contact the *Child Care Information Exchange* at 800-221-2864 or on the Web at <http://www.ccie.com>.

■ *New Findings on Children, Families, and Economic Self-Sufficiency: Summary of a Research Briefing* (1995), Deborah Phillips and Anne Bridgman, editors, published by the Board on Children and Families, Commission on Behavioral and Social Sciences and Education, National Research Council, Institute of Medicine, states:

Accordingly, working-poor families spend a substantially higher share of their budgets on child care than do more advantaged families (see Figure 6). They lack both the subsidies and the purchasing power to place their children in the kind of care arrangements that they prefer (Hofferth, 1995) (page 14).

This resource is available on the Web at <http://nccic.org/research/newfind/newfind.html>.

■ In the U. S. Census Bureau’s, *Statistical Abstract of the United States*, Section 14, Table No. 737: “Annual Expenditure Per Child by Husband-Wife Families, by Family Income and Expenditure Type: 1998” includes annual expenditures for child care and education, by family

income and age of child. Expenditures are based on data from the 1990-92 Consumer Expenditure Survey updated to 1998 dollars using the Consumer Price Index. This resource is available on the Web at <http://www.census.gov/prod/99pubs/99statab/sec14.pdf>.

The National Child Care Information Center does not endorse any organization, resource or publication.

Current Population Reports

Household Economic Studies

What Does It Cost to Mind Our Preschoolers?

By Lynne M. Casper

CENSUS BUREAU

P70-52
September 1995

One of the most important decisions employed parents make is arranging for someone to care for their children while they are working. Reliable, quality care is especially important for preschoolers because young children are dependent on caregivers to fulfill their basic needs and to keep them from harm. Affordability is also an important consideration and for many parents child care is a costly expense. In this report, we examine who pays for child care and how much it costs.

According to the Survey of Income and Program Participation, in the fall of 1993 there were 9.9 million children under 5 who were in need of child care while their mothers were at work. Relatives (41 percent), organized child care facilities (30 percent), and family

day care settings (17 percent) were among the principal child care arrangements used for preschoolers while their mothers were at work (figure 1).

Child care costs are on the rise

Families with employed mothers are spending more on child

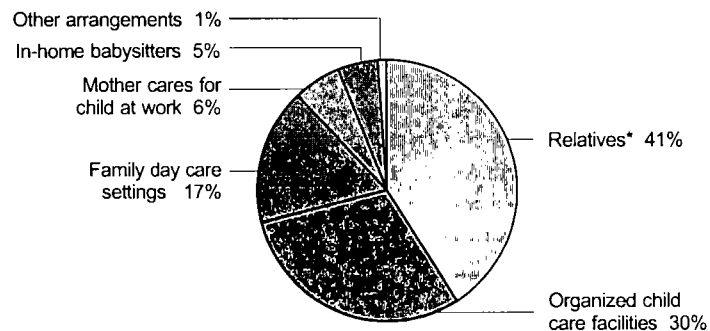
care than they did in the past. A family with a preschool-age child spent an average of \$15 more per week on child care in 1993 than in 1986. Child care costs for these families averaged \$79 per week in 1993 compared with \$64 per week in 1986 (figure 2).

In this report, we first discuss the costs parents pay for different

Defining Child Care Arrangements

Family members or relatives include fathers, siblings, grandparents, and other relatives. An organized child care facility is a day care center, a nursery school, or a preschool. A family day care provider is a nonrelative who cares for one or more unrelated children in her/his home. In-home babysitters are nonrelatives who provide care within the child's home.

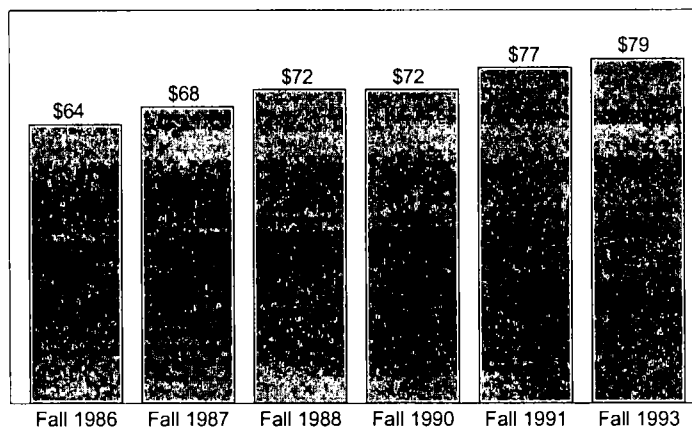
Figure 1.
Care Arrangements Used by Families With Employed Mothers for Preschoolers: 1993



*Includes fathers, siblings, grandparents, and other relatives.

Figure 2.
Weekly Cost of Child Care*

(In constant 1993 dollars. Limited to families with a preschooler)



*Represents total costs for all children in the family.

types of arrangements. Since some children may have multiple arrangements during their mothers' working hours, costs will vary for individual children depending on the number of arrangements used for each child. We therefore show the total costs for each child to account for the use of multiple arrangements. Because children often share arrangements with older brothers and sisters, we show in the final section of this report the cumulative expenses paid by families for all of their preschool-age children, taking into account any child care costs shared with older siblings.

Costs Per Arrangement

Cash payments are required for 9 out of 10 arrangements when nonrelatives are used

In 1993, families with employed mothers used 11.7 million child care arrangements to care for their 9.9 million preschool-age children (table 1). Slightly over half (51 percent) of all child care arrangements used for preschoolers while their mothers

were working required a cash payment.

Whether or not a family pays for child care depends in part on the type of arrangement used; parents are more likely to have to pay for child care when nonrelatives are used. For example, in 1993 over 80 percent of arrangements required cash payments when children were cared for in organized child care facilities, family day care settings, or by in-home babysitters. In contrast when relatives were used, only one in six arrangements required cash payments.

In-home baby-sitters and organized child care facilities are the most expensive

In 1993, the average weekly child care cost per arrangement paid by families with employed mothers was \$57 (table 2). Child care costs varied by the type of arrangement used. Parents using in-home babysitters and organized child care facilities paid the most per arrangement (about \$65), followed by parents using family day

care (\$52). Families using relatives to care for their preschoolers paid the least (\$42).

Costs are lower for arrangements shared by two or more children

Child care costs are generally lower when two or more children share an arrangement. Overall, about 28 percent of paid arrangements were shared by two or more children in 1993 (table 1). Preschoolers in families with employed mothers were more likely to have shared paid arrangements if they were cared for by in-home babysitters (53 percent) or relatives (37 percent) than if they were cared for in family day care (31 percent) or in organized child care facilities (19 percent).

Families paid an average of (\$62) per arrangement when arrangements were not shared (paid for separately) compared with (\$46) when arrangements were shared (table 2). Thus, families saved an average of \$16 per week per arrangement when arrangements were shared. In absolute dollars, families whose preschoolers shared organized child care saved the least (\$10 per week). However, because costs are more expensive for some arrangements than for others, the percentage savings are different. Families with preschoolers who used family day care or a relative saved at least 30 percent per arrangement if their preschooler shared the arrangement with a sibling. In contrast, the savings were only about half as much if two or more children attended the same organized child care facility (15 percent).

Costs Per Child

Child care costs are higher for infants and White children

We have just examined child care payments and costs for various types of arrangements; we now examine total child care costs for children in different demographic groups. In 1993, almost 60 percent of preschool-age children were in at least one type of

Table 1.
Payments Made for Child Care Arrangements for Preschoolers, Fall 1993
(Numbers in thousands)

Characteristics	Number	Payments made		
		Total ¹	Separate	Shared
ARRANGEMENTS				
Total²	11,661	5,996	4,337	1,659
In organized child care ..	3,268	2,923	2,375	548
In family day care ³	1,797	1,651	1,143	508
In-home babysitters	621	524	246	278
Relatives	5,216	887 ⁴	562	325
CHILDREN				
Total	9,937	5,811	4,258	1,636
Age:				
Less than 1 year	1,631	876	645	231
1 year	2,122	1,216	931	285
2 years	1,969	1,149	795	359
3 years	2,161	1,376	1,002	409
4 years	2,055	1,194	885	352
Race:				
White, not Hispanic ..	7,295	4,413	3,241	1,245
Black, not Hispanic ...	1,161	609	481	128
Hispanic	1,078	599	404	201

¹ Because a child may be in more than one paid arrangement, the combined number of children in separate and shared arrangements may exceed total number of children. ² Includes care provided by mother while working and child's attendance in school and school related activities. ³ Nonrelatives caring for child in the provider's home. ⁴ Payments exclude fathers and siblings.

child care arrangement which required a cash payment, and on average, these children spent about 30 hours per week in paid child care (tables 1 and 2).

In 1993, the average weekly cost of child care per preschooler for families with employed mothers was \$60 (table 2). When costs were paid separately for each child, the average amount was \$64 per child compared with \$47 per child when costs were shared. Thus, sharing one or more paid child care arrangements represented an average savings of about \$16 per week per child.

Infants were less likely to be in paid child care than were older children; 54 percent of infants (under 1 year) were in paid child care compared with 59 percent of older children (1 to 4 years). Because babies often require more work, child care for infants is typically more expensive. In 1993, the average cost of child care per infant was \$66 per week, while for older children it was \$59 per week.

White children were more likely to be in paid arrangements (60 percent) than either Black or Hispanic children (about 55 percent each). The average cost of child care for White children was about \$10 more per week than for Black and Hispanic children.

Costs Per Family

Larger families, married-couple families, and families with older and more highly educated mothers pay more for the care of their preschoolers

In 1993, there were 8.1 million families with preschoolers who required care during the time their mothers were at work. Of these families, 56 percent paid an average of \$74 per week for child care or about 8 percent of their monthly family income (table 3). Larger families paid much more for child care than smaller families. Families with two or more preschool-aged children paid about \$110 per week for child care while families with one child paid only \$66 per week. Families with two or more children also spent a

larger share of their family income on child care (11 percent versus 7 percent). Married-couple families spent about \$78 per week to care for their children, at least \$15 more per week than single-parent families spent. However, married-couple families spent a much smaller proportion of their family income on child care (7 percent) than did single-parent families (12 percent).

Families with older mothers paid more for child care than did families with younger mothers. Families with mothers who were 35 years old or more spent on average at least \$14 more per week on child care than families with younger mothers (those less than 35). In contrast, families with younger mothers spent a much larger proportion of their income on child care than did families with older mothers. For example, families with mothers aged 15 to 24 spent about 10 percent of their monthly income on child care, compared with families with mothers aged 35 or over who spent

Table 2.
Weekly Child Care Costs and Hours in Paid Arrangements for Preschoolers, Fall 1993

Characteristics	Average weekly costs (\$)						Average weekly hours in paid arrangement					
	Total		Separate		Shared		Total		Separate		Shared	
	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.	Mean	S.E.
ARRANGEMENTS												
Total¹	57.47	0.88	61.83	1.10	46.06	1.32	28.15	0.27	27.78	0.32	29.14	0.51
In organized child care	63.58	1.18	65.42	1.36	55.64	2.25	28.48	0.39	27.71	0.43	31.82	0.88
In family day care ²	51.52	1.41	56.59	1.91	40.13	1.43	28.90	0.50	29.07	0.61	28.52	0.87
In-home babysitters	68.31	4.94	82.57	8.47	55.70	5.22	23.97	0.96	22.22	1.27	25.52	1.41
Relatives ³	42.04	1.84	48.46	2.67	30.94	1.70	28.28	0.71	28.05	0.88	28.68	1.17
CHILDREN												
Total	60.17	0.94	63.88	1.13	47.46	1.35	29.51	0.28	28.73	0.33	30.05	0.53
Age:												
Less than 1 year	66.39	3.15	71.80	3.75	51.29	5.41	30.49	0.76	29.66	0.89	32.80	1.39
1 year	61.35	2.02	64.24	2.46	51.92	2.97	30.64	0.61	30.13	0.69	32.30	1.32
2 years	59.35	1.92	64.00	2.41	48.27	2.87	30.07	0.63	29.10	0.76	31.82	1.13
3 years	56.50	1.82	60.39	2.26	42.15	2.32	28.96	0.56	28.52	0.66	27.56	1.07
4 years	59.43	1.93	61.58	2.17	46.69	2.52	27.73	0.59	26.47	0.68	27.49	1.10
Race:												
White, not Hispanic	61.64	1.06	64.80	1.27	49.80	1.56	29.33	0.30	28.72	0.36	29.19	0.58
Black, not Hispanic	52.72	2.58	56.96	2.90	36.78	4.67	31.65	1.02	30.15	1.13	37.30	2.15
Hispanic	51.34	2.77	60.34	3.74	31.45	2.06	29.12	1.00	28.20	1.21	29.96	1.71

S.E. Standard error of the estimated mean. ¹Includes payments for school related child care arrangements. ²Nonrelatives caring for child in the provider's home. ³Payments exclude fathers and siblings.

about 7 percent of their income on child care.

Families whose mothers have more education pay more for child care than families whose mothers have less education. In 1993, families whose mothers had less than a high school education paid significantly less for child care per week (\$60) than families whose mothers completed some college (\$70), and those whose mothers were college educated (\$93). In contrast, while child care expenditures accounted for about 10 percent of the family budget in families whose mother had less than a high school education, they accounted for only about 7 percent of the budget in families whose mothers were college educated.

Child care is more of an economic burden for poor families

In 1993, relatively fewer poor than non-poor families paid for child care (37 percent versus 58

percent). Poor families paid about \$25 less a week for child care than non-poor families (\$50 versus \$76). However, child care consumed an especially large share of the poor family's budget; poor families who paid for care spent 18 percent of their income on child care, compared with non-poor families who spent 7 percent (figure 3).

Fewer families receiving either general assistance, AFDC, Food Stamps, or WIC payments paid for child care than did families not receiving these benefits (46 percent versus 57 percent). Families who participated in at least one of these programs spent an average of \$50 per week on child care, while families who did not participate in any of these programs spent an average of about \$78 per week on care. In contrast, child care consumed about 13 percent of the family budget for participant families compared with only about 7 percent for non-participant families.

Child care is more expensive in the Northeast and in metropolitan areas

In 1993, more families in the South paid for child care than did families in any other part of the country. But, families paid more for child care in the Northeast (\$85 per week) than either in the Midwest or in the South (about \$70 per week each). Child care was more expensive in metropolitan areas (\$80 per week) than in nonmetropolitan areas (\$55 per week), with families residing in metropolitan areas spending a slightly higher percentage of their monthly income on child care (8 and 7 percent respectively).

Upcoming Reports

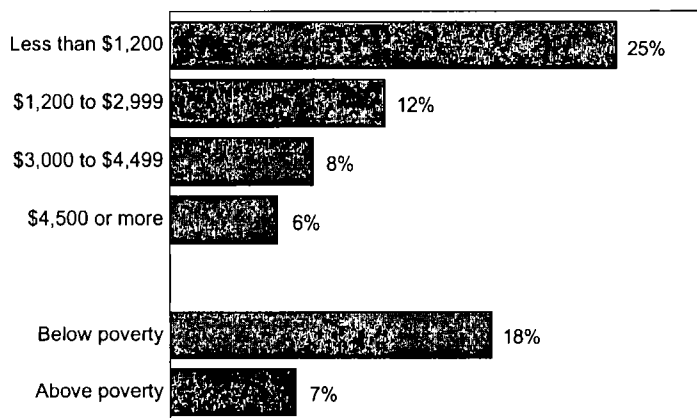
Sharp changes in the distribution of preschoolers' child care arrangements have been observed between 1991 and 1993. The most notable changes include the rise in the use of organized child care facilities and the decline in the use of fathers as principal care providers during the time mothers are at work. Additional reports about these arrangements will be issued later this year.

More information

A detailed table package showing the child care arrangements of preschool and gradeschool children is available on floppy disk for \$20 or on paper for \$10 from Population Division's Statistical Information Office (301-457-2422). The table package is also available on the INTERNET (www.census.gov); look for Child Care data from the Population Division.

Contacts: Child care issues-
Lynne Casper (301) 457-2416
lcasper@census.gov

Figure 3.
Percent of Monthly Family Income Spent on Child Care by Family Income and Poverty Status*



*Limited to families with a preschooler.

Table 3.
**Weekly Child Care Costs Paid for Preschoolers by Families With
 Employed Mothers, Fall 1993**

(Numbers of families in thousands. Excludes families with no report of family income in last 4 months)

Characteristics	Number of families	Payments made		Weekly child care expenses ¹		Hours worked per week ¹	Monthly income ² — of —		Income spent per month on child care	
		Number	Percent	(\$)	Standard error		Family (\$)	Mother (\$)	Percent ³	Standard error
All families	8,076	4,493	55.6	74.15	1.25	36.52	4,254	1,839	7.55	0.31
Race and Hispanic Origin:										
White, not Hispanic	5,937	3,420	57.6	76.35	1.44	36.09	4,491	1,889	7.37	0.31
Black, not Hispanic	993	517	52.1	60.89	3.18	38.37	3,104	1,645	8.50	0.35
Hispanic origin	831	434	52.2	65.69	3.80	36.88	3,174	1,434	8.97	0.43
Marital Status:										
Married, husband present	6,261	3,522	56.3	77.88	1.46	36.67	4,842	1,951	6.97	0.29
Widowed, separated, divorced	868	530	61.1	61.09	3.00	36.81	2,157	1,610	12.27	0.79
Never married	948	442	46.6	60.07	3.27	35.01	2,086	1,213	12.48	0.73
Age of Mother:										
15 to 24 years	1,372	628	45.8	58.49	2.25	34.46	2,495	967	10.16	0.47
25 to 34 years	4,732	2,701	57.1	72.44	1.50	37.00	4,089	1,753	7.68	0.36
35 years and over	1,972	1,164	59.0	86.56	2.94	36.51	5,588	2,508	6.71	0.26
Number of Preschoolers:										
1 child	6,515	3,694	56.7	66.48	1.17	36.53	4,229	1,835	6.81	0.23
2 or more children	1,561	799	51.2	109.63	3.86	36.49	4,371	1,853	10.87	0.62
Educational Attainment:										
Less than high school	847	373	44.0	59.70	4.07	35.55	2,592	987	9.98	0.52
High school, 4 years	2,931	1,498	51.1	65.07	1.77	37.08	3,389	1,420	8.32	0.35
College, 1-3 years	2,246	1,277	56.9	69.51	2.01	35.71	3,833	1,618	7.86	0.38
College, 4 or more years	2,052	1,345	65.5	92.67	2.75	36.93	6,079	2,751	6.61	0.27
Enrollment in School:										
Enrolled in school	622	369	59.4	78.81	4.18	33.71	3,904	1,590	8.75	0.36
Not enrolled in school	7,454	4,124	55.3	73.73	1.31	36.77	4,286	1,861	7.46	0.31
Employment Status:										
Full-time worker	5,301	3,341	63.0	79.00	1.46	41.34	4,333	2,072	7.90	0.33
Part-time worker	2,775	1,153	41.5	60.11	2.27	22.56	4,027	1,162	6.47	0.23
Work Shift Status:										
Daytime worker	5,009	3,173	63.4	76.58	1.47	38.55	4,358	1,940	7.61	0.33
Non-day worker	3,068	1,320	43.0	68.32	2.34	31.64	4,006	1,594	7.39	0.28
Monthly Family Income:										
Less than \$1,200	927	366	39.4	47.29	2.74	32.74	815	748	25.14	7.17
\$1,200 to \$2,999	2,667	1,295	48.6	60.16	1.86	35.97	2,177	1,202	11.98	2.32
\$3,000 to \$4,499	2,091	1,191	56.9	73.10	2.13	37.34	3,746	1,647	8.46	2.08
\$4,500 and over	2,391	1,642	68.7	91.93	2.37	37.20	7,029	2,723	5.67	0.25
Poverty Level:										
Below poverty level	870	319	36.6	49.56	3.47	30.66	1,211	696	17.73	1.02
Above poverty level	7,206	4,174	57.9	76.03	1.30	36.97	4,487	1,926	7.34	0.31
Program Participation:										
Recipient ⁴	1,218	558	45.8	49.76	2.27	32.97	1,682	889	12.82	0.87
AFDC	352	154	43.7	46.47	4.27	28.10	1,176	736	17.13	1.24
WIC	785	344	43.8	52.11	3.05	34.07	1,830	897	12.34	0.90
Food Stamps	708	319	45.0	45.42	3.04	31.71	1,349	822	14.60	1.11
Non-recipient ⁵	6,858	3,935	57.4	77.61	1.36	37.02	4,619	1,973	7.28	0.31
Region:										
Northeast	1,443	658	45.6	85.07	3.38	34.62	4,670	2,032	7.89	0.34
Midwest	2,237	1,261	56.4	71.47	1.96	36.28	4,236	1,853	7.31	0.27
South	2,739	1,684	61.5	69.17	2.17	37.66	4,196	1,778	7.14	0.27
West	1,658	890	53.7	79.32	2.98	36.11	4,083	1,789	8.42	0.42
Metropolitan Residence:										
Metropolitan	6,283	3,487	55.5	79.72	1.50	36.50	4,497	1,943	7.68	0.32
In central cities	2,272	1,204	53.0	81.66	2.89	36.75	4,036	1,855	8.77	0.44
Suburbs	4,010	2,283	56.9	78.70	1.71	36.37	4,740	1,989	7.19	0.27
Nonmetropolitan	1,793	1,006	56.1	54.85	1.72	36.59	3,414	1,478	6.96	0.23

¹Average per week for families making child care payments for any child under 5 years old. ²Average monthly income for the last 4 months among families making child care payments. ³Percent is ratio of average monthly child care payments to the average monthly family income. ⁴Also includes the small number of families (17,000) on General Assistance. ⁵Family not receiving either General Assistance, AFDC, Food Stamps or WIC payments.

Source and Accuracy of Estimates

All statistics are subject to sampling error, as well as non-sampling error such as survey design flaws, respondent classification and reporting errors, data processing mistakes, and under-coverage. The Census Bureau has taken steps to minimize errors in the form of quality control and edit procedures to reduce errors made by respondents, coders and interviewers. Ratio estimation to independent age-race-sex population controls

partially corrects for bias due to survey undercoverage. However, biases exist in the estimates when missed persons have characteristics different from those of interviewed persons in the same age-race-sex group.

Analytical statements in this report have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources. Standard errors which estimate the magnitude of the SIPP sampling error

are provided for means and percent of income in the tables. We do not provide estimates of total error, which includes nonsampling error. Contact Elaine Hock, Demographic Statistical Methods Division, at 301-457-4182 or on the internet at ehock@census.gov for information on (1) the source of data, (2) the accuracy of estimates, (3) the use of standard errors, and (4) the computation of standard errors for other estimates not found in this publication.

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Aug 3	5:59pm	Sent	12127369630	0:18	1	Jammed



Tracy Dry <tdry@nccic.org>

08/03/2000 05:30:19 PM

Please respond to tdry@nccic.org

Record Type: Record

To: Ann O'Leary/OPD/EOP

cc:

Subject: Information Request

Dear Ms. O Leary:

Thank you for contacting the National Child Care Information Center. Attached is information about the percent of family income spent for child care in the United States. As you and Nina Stanton discussed during your telephone conversation, the U.S. Census Report What Does it Cost to Mind Our Preschoolers? (September 1995) reports 1993 data. For updated information, you may be interested in contacting Kristin Smith, Research Analyst and Demographer, Fertility and Family Statistics Branch, U.S. Department of Commerce, Bureau of the Census at 301-457-2416.

The National Child Care Information Center does not endorse any organization, publication or resource. If you have any additional questions, please do not hesitate to contact us again.

Sincerely,
Tracy Dry
Research Associate
National Child Care Information Center
800-616-2242
tdry@nccic.org



- %income.spent.cc.NEW.wpd

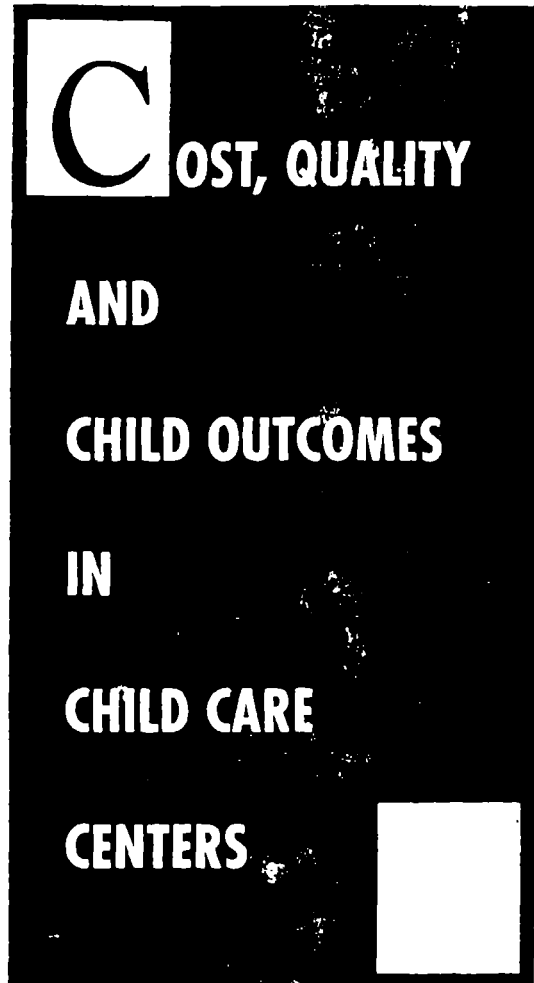
avg.

2 children

1+3

h-25,000

615-340-3255 (hr)



EXECUTIVE SUMMARY

APRIL, 1995

Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary

Conducted at a time when increasing numbers of the nation's young children are in child care and when the American public is duly concerned about the readiness of young children for school, the Cost, Quality, and Child Outcomes Study provides the first comprehensive econometric and psychometric analysis of child care and children's outcomes. Uniquely designed to examine the relationships among the costs of child care, the nature of children's child care experiences, and their effects on children, this study provides fresh provocative information for practitioners, policymakers, and the public.

In brief the study found that while child care varies widely within and between states and sectors of this industry, most child care is mediocre in quality, sufficiently poor to interfere with children's emotional and intellectual development. Market forces constrain the cost of child care and at the same time depress the quality of care provided to children.

Results indicate similar fees, low profit margins, and minimization of costs—all characteristics associated with strong price competition. Good-quality care costs somewhat more to produce than poor-quality care, but generally higher costs are not obviously reflected in parent fees, which are relatively similar in centers of different quality. Consumers thus show little differential effective demand for higher quality, in part because they have difficulty observing the quality of care the children actually receive. This means that there are few economic incentives for centers to improve quality.

The research team collected cost and quality data during the spring of 1993 through visits to 50 non-profit and 50 for-profit randomly chosen centers in each of four states: California, Colorado, Connecticut, and North Carolina. Trained data collectors conducted interviews and distributed questionnaires to center directors, teachers, and parents and observed two randomly chosen classrooms in each center. That summer, the team collected data on 826 children from preschool classrooms visited earlier, which allowed an examination of the concurrent developmental outcomes related to their child care experience.

This report summarizes findings in four major areas: 1) quality, 2) costs, revenue, and support, 3) sector comparisons, and 4) the child care economic environment.¹ It discusses implications of these findings and makes recommendations for change. Study methodology is summarized in Appendix 1.

Major Findings

QUALITY:

Based on criteria established by the early care and education (ECE) professional communities, we define "quality" child care as that which is most likely to support children's positive development. To ascertain classroom quality, trained observers used instruments that permitted evaluation of the quality of the total child care environment as well as more specific aspects of the relationship between teacher and child (see Appendix 1 for detail). An overall index of center quality was constructed, from 1 to 7, interpreted as follows:

¹ Unless otherwise stated, all findings reported here are statistically significant at least at the 5% level.

- 1 - Inadequate: Children's needs for health and safety not met; no warmth or support from adults observed, no learning encouraged.
- 3 - Minimal: Children's basic health and safety needs met; a little warmth and support provided by adults; few learning experiences.
- 5 - Good: Health and safety needs fully met; warmth and support for all children; learning in many ways through interesting, fun activities.
- 7 - Excellent: Everything in "good," plus children encouraged to become independent; teacher plans for children's individual learning needs; adults have close, personal relationships with each child.

The range of quality between these scores is also important. In particular, we call services that are rated below minimal (less than 3) "poor" or "less than minimal"; those that are between minimal and good (3 to less than 5) "mediocre"; and those that are between good and excellent (5 and over) "developmentally appropriate."

FINDING 1: Child care at most centers in the United States is poor to mediocre, with almost half of the infants and toddlers in rooms having less than minimal quality.

The level of quality at most U.S. child care centers, especially in infant/toddler rooms, does not meet children's needs for health, safety, warm relationships, and learning. While there is a great deal of variation in the sample, the mean score for all centers in the study was 4.0, a full point below the good-quality level (5). Figures 1 through 3 show the distribution of quality scores. Only one in seven centers (14%) received a rating of developmentally appropriate (5 or above), and one in eight (12%) were less than minimal (less than 3).

Child care for infants or toddlers is of particular concern. Of the 225 infant or toddler room observations, only 1 in 12 (8%) met the good-quality level, while 2 in 5 (40%) rated less than minimal. Babies in poor-quality rooms are vulnerable to more illness because basic sanitary conditions are not met for diapering and feeding; are endangered because of safety problems that exist in the room; miss warm, supportive relationships with adults; and lose out on learning because they lack the books and toys required for physical and intellectual growth.

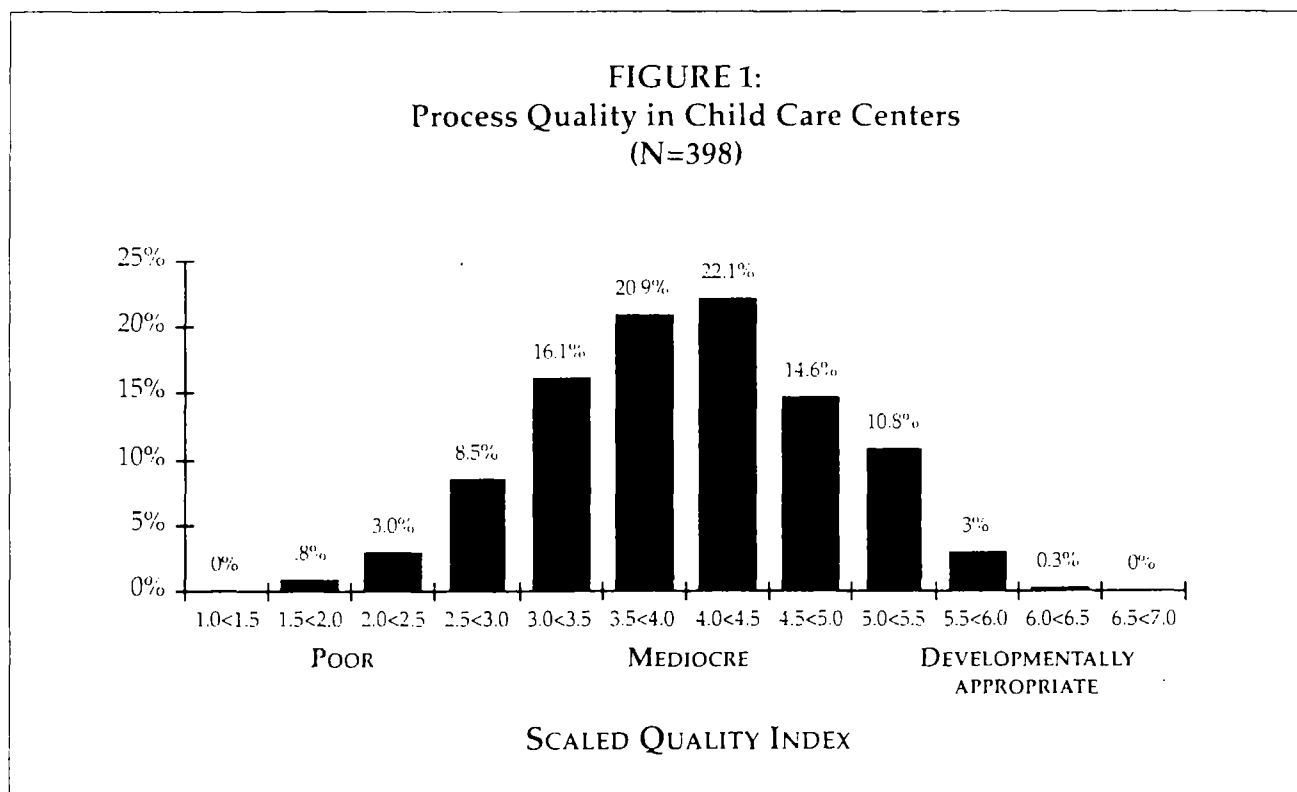


FIGURE 2:
Process Quality in Child Care Centers
Infant/Toddler Classrooms
(N=225)

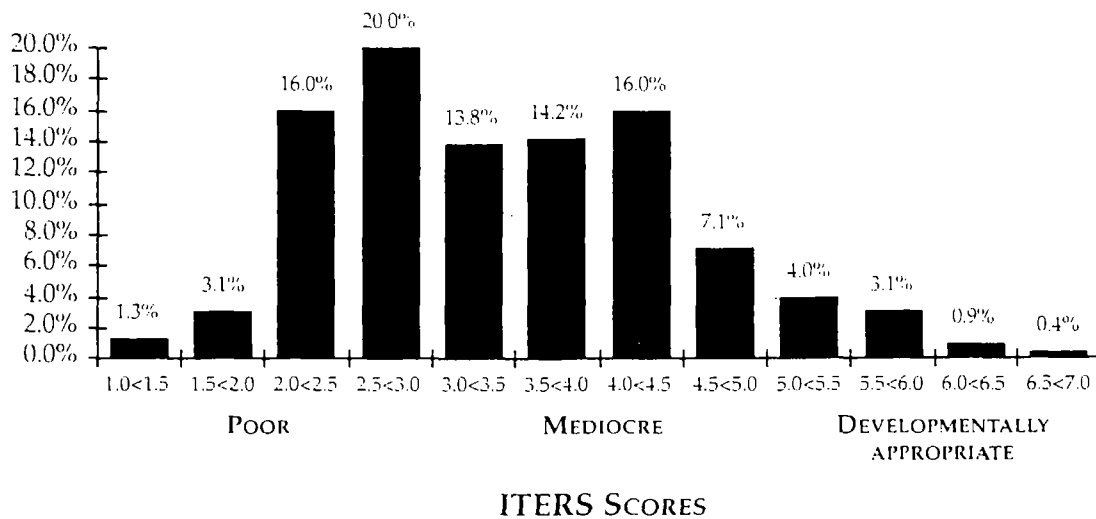
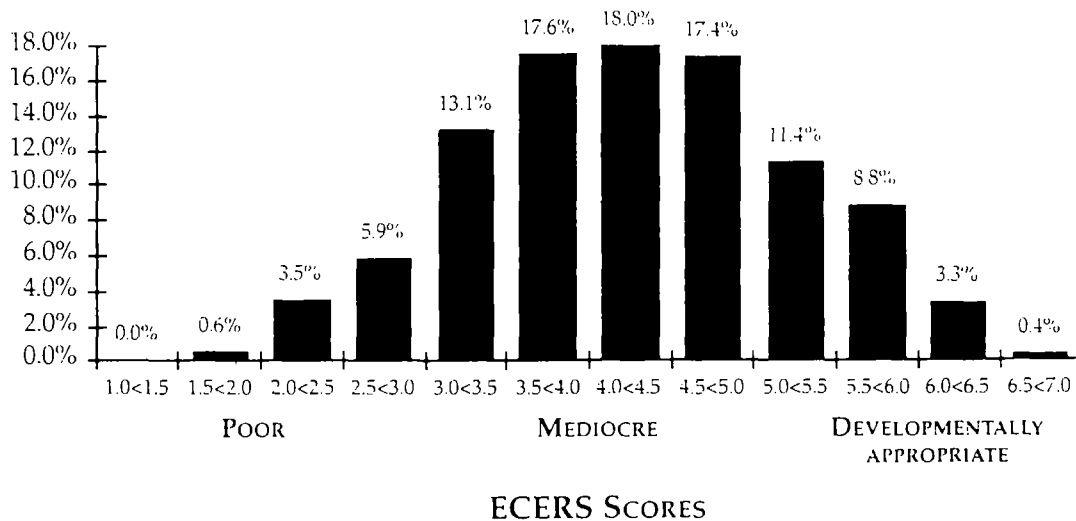


FIGURE 3:
Process Quality in Child Care Centers
Preschool Classrooms
(N=511)



FINDING 2: Across all levels of maternal education and child gender and ethnicity, children's cognitive and social development are positively related to the quality of their child care experience.

Children in higher quality preschool classrooms display greater receptive language ability and pre-mathematics skills, and have more advanced social skills than those in lower quality classrooms. Children in higher quality centers have more positive self-perceptions and attitudes toward their child care, and their teachers are more likely to have warm, open relationships with them. All of these factors are considered important to a child's capacity to enter school ready to learn. Further, these relations were obtained in analyses that controlled for child and parent characteristics known to be related to both child care selection and developmental outcomes, including maternal education and child gender and ethnicity.

While many previous research projects have studied the impact of child care on the development of at-risk children, this study focuses on the broad range of children in center care. For these children, developmental outcomes on a wide variety of measures improve with the quality of the center across all levels of maternal education and child characteristics. In some instances, however, quality had even more impact on children typically at risk (specifically on receptive language ability of minority children and on the self-perceptions of children of less-educated mothers).

FINDING 3: The quality of child care is primarily related to higher staff-to-child ratios, staff education, and administrators' prior experience. In addition, certain characteristics distinguish poor, mediocre, and good-quality centers, the most important of which are teacher wages, education, and specialized training.

This study affirms how important the ratio of adults to children is to quality of services. In the statistical analysis to predict the determinants of quality, the staff-to-child ratio is the most significant determinant of quality, even when controlling for other factors affecting quality. Center quality also increases as the percentage of center staff with a high level of education increases. An increase in a center administrator's prior experience generates higher quality, all else being constant. Finally, there is some evidence that staff tenure at the center also increases quality.

A different analysis identified classroom and center characteristics that distinguished among centers of poor, mediocre, and good quality. This analysis was particularly successful in identifying poor-quality centers, and only moderately helpful in discriminating between mediocre care and good-quality care. The most important discriminators were average teacher wage rates, and teaching staff education and specialized training.

FINDING 4: States with more demanding licensing standards have fewer poor-quality centers. Centers that comply with additional standards beyond those required for licensing provide higher quality services.

More poor-quality centers were found in North Carolina than in the other three states. Of the four states included in the study, North Carolina is the state with the least stringent child care standards. For example, at the time of data collection, North Carolina allowed 1 adult to every 6 infants or 15 three-year-olds, while the other states required 1 adult to every 4 or 5 infants or 10 or 12 three-year-olds. Similarly, North Carolina required far less early childhood education of its center staff than did the other three states.

In addition, centers that meet higher standards than required of all centers in their state in order to receive public funding pay higher wages, provide better benefits and working conditions and have higher overall quality. Finally, accredited centers, those that voluntarily meet a higher set of standards specified by an outside organization, have higher quality than do nonaccredited centers.

FINDING 5: Three specific types of centers provide higher than average overall quality. The financial characteristic these centers share is that they have access to extra resources that they use to improve quality.

The 28 centers operated by a variety of public agencies (in public schools, state colleges, and universities, or operated by municipal agencies), the 16 worksite centers, and the 30 centers with public funding tied

to higher standards (the same group cited in Finding #4) provide higher quality care than other centers. With few exceptions they share the following characteristics: they have higher expended costs and total revenue per child hour, have more donated resources, and are less dependent on parent fees than other centers; they pay higher wages and provide more staff benefits; they have higher staff-to-child ratios; and teachers have more education, more specialized training, and longer tenure in the centers.

The econometric analysis shows that centers operated by public agencies (and nonprofit centers in general) use resources as efficiently as other centers. That is, for a particular level of quality, wage rates, full-time-equivalent (FTE) children, and size of facility, the cost per child hour is the same as at other centers.

These results suggest that quality is higher in centers that have in-kind donations or outside funding that they use to increase quality. While parent fees may represent a major source of revenue (for instance, in the worksite centers and centers operated by state colleges or universities), these centers do not have to depend solely on parent fees to finance the provision of quality services.

COSTS, REVENUE, AND SUPPORT:

Before discussing costs and revenue, several terms must be defined. First, we use the term *expended costs* to refer to cash costs that are actually incurred to run centers. Second, we use the term *donations* to refer to the goods and services that are donated by individuals and agencies to support child care. Those donations—facilities, volunteer services, or other kinds of goods or services—must be included to report accurately all of the costs of providing care. Third, we use the term *foregone wages* to refer to the difference between the wage a staff person could earn in another occupation (based on the person's education, sex, age, race, and marital status) and the person's wage as a child care worker.² Fourth, we use the term *full cost* to refer to the amount it would take to operate centers if all costs were included. That is, the full cost of care equals expended costs plus donations plus foregone wages. Finally, we use the term *total revenue* to refer to the total amount of income received by a center, including fees paid by parents, publicly reimbursed fees, USDA food grants, other public funds, sponsor and other private contributions, and other revenue.

FINDING 6: *Center child care, even mediocre-quality care, is costly to provide. Even so, donations and foregone wages are large, accounting for more than one-fourth of the full cost of care.*

The average *expended cost* (or cash cost) is \$95 per week per child, or \$2.11 per child hour, to provide mediocre care. (See Figure 4 on the following page for costs by state.) In this labor-intensive industry, labor costs account for 70% of total expended costs. Facilities costs represent 15%, and all other cash expenses make up only 15% of the total. That expended costs are as low as they are is due to the use of primarily female employees (97% were women in this sample) who earn even less in child care than they could in other female-dominated occupations. In this study, the mean foregone wages given up by teachers was \$5,238 per year; assistant teachers gave up \$3,582 per year.

Our estimate of the mean *full cost* of producing center child care services is \$2.83 per child hour (\$127 per week), or \$.72 per child hour more than expended costs. Figure 5 (on the following page) shows that this additional \$.72 per hour of costs comes from: 1) workers who contribute 19% of full costs (\$.54 per child hour) in the form of foregone wages and benefits, 2) occupancy donations, which average about 5% of full cost (\$.14 per child hour), and 3) volunteer services and donated goods, which represent 2% of full costs (\$.06 per child hour).³

The amounts of foregone wages and in-kind donations vary by state. When foregone wages are adjusted for regional differences in the cost of living, they are smallest in Connecticut, where overall quality is

² Foregone wages represent another kind of cost. Child care is a labor intensive industry dependent on female employees who work for wages below those they could earn, even in other female dominated occupations, all of which pay less than comparable male occupations. Regardless of the reason that child care employees accept jobs in the field, centers are using labor resources which embody human educational investments and work experience that do not show up in center cash outlays. As the industry expands or improves quality, or if the national labor market tightens, it may be naive to expect more and more women to continue to work for these lower wages.

³ These do not add up to exactly \$.72 because of rounding errors.

FIGURE 4:
Expended Cost per Child Care Hour
by State

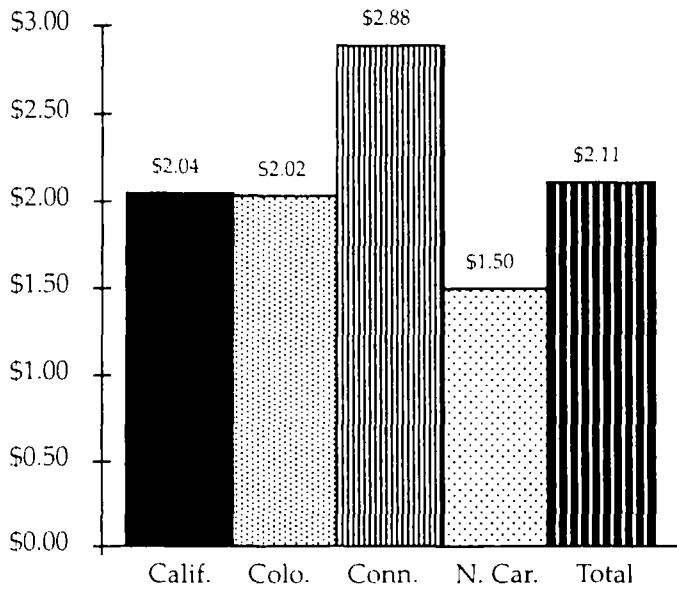
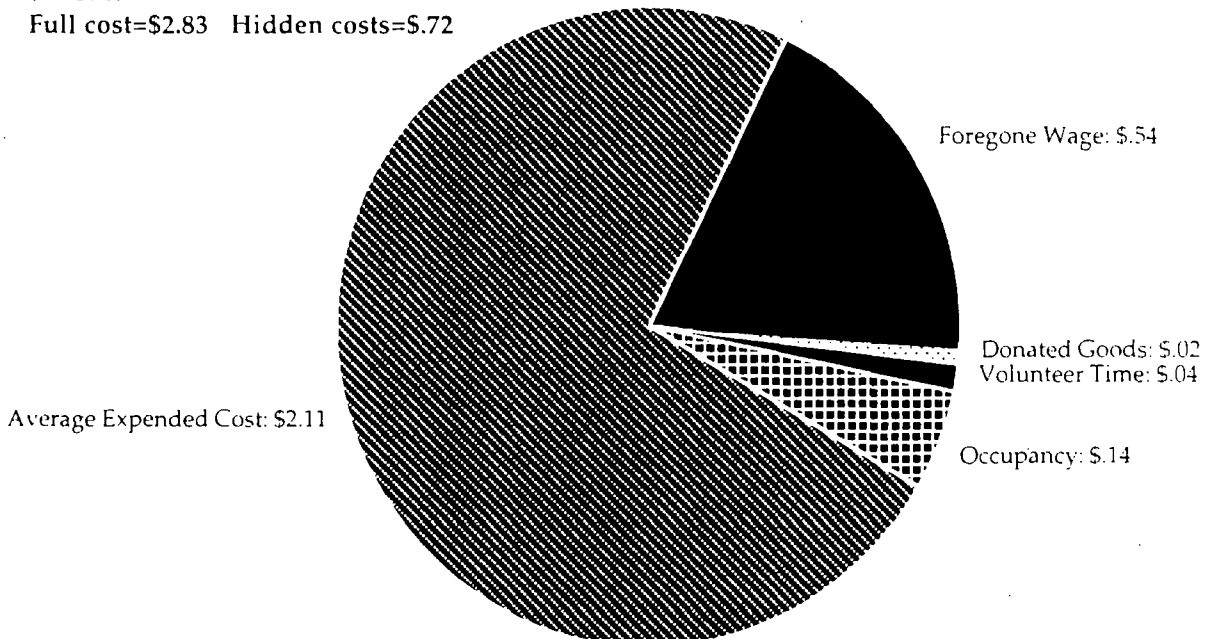


FIGURE 5:
Full Cost of Child Care per Child Hour
(N=398)
Full cost=\$2.83 Hidden costs=\$.72



higher, and largest in Colorado, where quality is lower than expected (based on licensing standards). This suggests a positive relationship between quality and the payment of wages that are more competitive with those in other industries using similarly qualified workers.

A comparison of the expended cost of child care with a typical family's income indicates the high cost of producing even mediocre-quality care. The average annual expended cost paid by a center to provide services for one child is \$4940 per year. This represents 8% of the 1993 median U.S. family before-tax income of about \$60,000 for a dual-earner family when both were employed full time, and 23% of the 1993 median before-tax earnings of just over \$21,000 for families headed by a single parent employed full time (Statistical Abstract of the U.S. 1994, pages 429 and 474).

FINDING 7: Good-quality services cost more than mediocre quality, but not a lot more.

The cost of providing care is modestly and positively related to the level of quality of services.⁴ The additional cost to produce good-quality services compared to mediocre-quality care was about 10%. The cost of increasing quality increases, however, at higher levels of quality.

This 10% estimate is based on cross-sectional data and cannot, therefore, be used to project the quality change from increasing industry-wide expenditures. For a 10% increase in cost to significantly improve quality, the money would have to be spent wisely and not cause any increase in the prices of resources used.

FINDING 8: Center enrollment affects costs.

The effect of enrollment on costs shows up in two ways. First, the larger the number of children served (up to the legal capacity of the center) and/or the longer the hours of service, the lower the cost per child hour for a particular level of quality. That is, using the same facility space, serving more children or serving them more hours brings about a proportionately smaller increase in cost per child hour. Second, larger centers, those serving a larger number of FTE children, also have lower average total expended costs per child hour than centers serving a smaller number of children, even holding quality constant.

FINDING 9: Cash payment from government and philanthropies are sources of center revenue that demonstrate a social commitment to sharing the expense of child care. On average, these cash payments represent 28% of center revenue.

As a society we consider center child care an important service that some children need regardless of their family's income. Economists call such things *merit goods*, because all who need the service merit having it. Cash philanthropic contributions, public funding of centers, and child care tax credits all help reduce the fees paid by parents and other purchasers of child care as do donations and foregone wages.

For the whole sample, including families whose child care is subsidized, parent payments to centers represent the equivalent of \$1.55 per child hour or \$70 per week. This represents 71% of center revenue (and 55% of full cost). For families that pay full tuition, tuition for preschool-aged children averages \$1.92 per child hour or \$86 per week. If the typical family elects to take the federal child care tax credit available to them, this represents another government contribution, reducing parent expense by an estimated average of \$.21 per child hour (20% of \$200 per month/193 hours per month).

⁴ The cost referred to in Findings 7 and 8 is based on the definition used in the econometric analysis, where, for consistency with economic theory, cost was measured as variable cost (excluding facilities cost and including in-kind donations and the imputed value of administrators' salaries for owner-operated centers).

SECTOR COMPARISONS:

Child care centers operate in a mixed market made up of private nonprofit centers, nonprofit publicly operated centers, and centers owned and operated for profit. The existence of nonprofit centers reflects long-standing public and philanthropic willingness to support provision of child care as a merit good. However, the fact that different kinds of financial structures co-exist and compete in local markets can affect the cost and quality of services.

FINDING 10: There are differences between for-profit and nonprofit sectors. Overall quality of services, however, is not significantly different between the two sectors except in the one state with very lax licensing standards.

Quality is not significantly different between for-profit and nonprofit centers except in North Carolina, where for-profit centers provide much lower quality care. In addition, our econometric analysis indicates that there is no significant difference in variable costs per child hour (see footnote 4 for definition) between the two sectors, holding constant the number of hours of service, quality, wage rates paid, and size of facility. This means that the nonprofit sector is about as efficient in the use of resources as the for-profit sector.

Despite overall similarities, there are also differences. In nonprofit centers staff-to-child ratios in preschool rooms are higher than those in for-profit centers; teachers and teacher-directors have more specialized training and formal education; assistant teachers and teacher directors have more prior experience; staff have worked more months at the center; and annual turnover rates are lower. Nonprofit centers pay higher wages, and foregone wages of their staff are lower than those in for-profit centers. While these findings replicate those of earlier studies (Phillips & Howes, 1987; and Whitebook, Howes & Phillips, 1989) that nonprofit centers have higher structural quality measures and higher wages than for-profit centers, it is the first to find such limited differences between sectors with respect to process quality.

FINDING 11: Within each sector, particularly the nonprofit sector, there is variation by subsectors in center characteristics and quality.

To examine differences *within* each sector we divided the nonprofits into three subsectors: 1) independent nonprofit, 2) church-affiliated nonprofit, and 3) publicly operated nonprofit. We divided the for-profits into three subsectors: 1) independent for-profits, 2) local chains, and 3) national systems.

Within the for-profit sector, there is considerable homogeneity among the three subsectors with regard to staffing ratios and staff quality. In addition, the different subsectors do not significantly differ in their costs, revenues, and overall quality of services. National systems do, however, offer more staff benefits such as health insurance, maternity leave, and staff child care discounts, and they pay lower wages in California and Connecticut.

Nonprofits are less homogeneous; indeed, there are important differences among subsectors. Centers operated by public agencies have higher costs, revenues, and quality than other nonprofit centers. Church-affiliated centers have lower staff-to-child ratios, lower levels of trained and educated staff, lower wages, lower cost and revenues per child hour, and most importantly, lower overall quality than other nonprofits. These centers seem to resemble for-profit centers more closely than centers in the nonprofit sector. Indeed, the lower quality of church centers accounts for our finding that for-profit and nonprofit sectors do not differ significantly in quality.

These findings dispel the notion that quality (or lack thereof) is crisply aligned with a particular sector. To the contrary, these findings suggest that it is difficult to associate any given level of quality with a sector overall; rather, levels of quality may be more clearly aligned with subsectors.

THE ECONOMIC ENVIRONMENT:

A unique focus of this study was to learn more about the effects of market conditions on the cost and quality of care. Differences in demand and supply conditions faced by different kinds of centers (that is, for-profit and nonprofit sectors or subsectors) may affect the quality of care provided in the market.⁵

FINDING 12: Characteristics of the market setting for child care—notably, market competition and subsidy dependence—affect center finances. For-profit and nonprofit centers face different competitive conditions that can affect their performance.

This study provides evidence of strong competition in local markets. First, centers in for-profit and nonprofit sectors charge similar fees per child hour. Second, both sectors seem to minimize costs. Third, both sectors receive similar low rates of profit (surplus) on sales (3.7%).

Despite evidence of a high degree of competition between sectors, the composition of costs and the ability to take advantage of scale economies is different. For-profit centers spend a higher percentage of total costs on facilities and a smaller percent on labor, which could lower quality. These centers, however, typically serve a larger number of children and/or provide more hours of service than do nonprofit centers. That allows for-profit centers to operate at lower average cost per child and enables them to compete successfully with their nonprofit counterparts at a given level of quality. Nonprofit centers, many of which depend on donated facilities, may not have the option of increasing their size (enrollment).

FINDING 13: There is evidence of inadequate consumer knowledge, which creates market imperfections and reduces incentives for some centers to provide good-quality care.

This study suggests some reasons for the prevalence of low-quality child care, particularly for centers dependent on parent fees. In our parent survey, while parents say they value the characteristics of good-quality child care, they substantially overestimate the quality of services their children are receiving. Ninety percent of parents rate programs as very good, while the ratings of trained observers indicate that most of these same programs are providing care that ranges from poor to mediocre.

There are numerous possible explanations for this discrepancy between parent and observer ratings, some of which we investigated. For instance, there is evidence that parents are hindered in assessing care by the inherent difficulty of monitoring service. The disparity between scores given by parents and observers assessing quality is higher for aspects of care that are difficult for parents to observe. Also, parents' priorities seem to affect their assessments. The more they value an aspect of care, the greater the disparity between their evaluation and that of the trained observer. There may be other reasons why parents rate their child care arrangement highly. For instance they may not feel that they have a choice of care, or they may never have seen good-quality care, giving them no basis of comparison. The inability of parents to recognize good-quality care implies that they do not demand it. There is little difference in fees between poor-quality and high-quality centers, which lends credence to this hypothesis. Given both a competitive market that equalizes fees across centers and parents' difficulty in identifying center quality, centers dependent on parent revenues have no incentive to provide a higher level of quality at higher cost.

The findings do suggest that centers are providing the services parents demand so they can go to work. Preschool classrooms meet health and safety needs. Centers in the sample are open long hours, 10 to 12 hours per day. They provide part-time care, before-school and after-school programs, and summer camps. Parents, however, while they value good-quality services, apparently are not demanding quality. To the extent that government agencies involved in purchasing care for low-income children impose low payments for services or fail to provide higher reimbursement for higher quality, they too contribute to lowering the demand for good-quality child care.

⁵ It should be noted that this study was not designed to make a thorough comparison of the long-run advantages and disadvantages of a particular profit status. We did not collect data on capital invested in centers; nor did we investigate tax advantages and disadvantages of profit status.

Summary and Implications

We found that only 1 in 7 centers provides a level of child care quality that promotes healthy development and learning, and that quality of child care affects children across all levels of maternal education. These findings confirm earlier reports about the quality of child care available to the average family in the United States, presented in the National Child Care Staffing Study (Whitebook, Howes & Phillips, 1989) and the Study of Children in Family and Relative Care (Galinsky, Howes, Kontos & Shinn, 1994). Our results indicate that care for infants and toddlers may be even lower quality than previously thought.

This does not mean that good-quality care does not exist or that the early childhood profession does not know how to provide it. We know that high staff-to-child ratios, more highly educated staff, administrators with more experience, and staff stability together do much to create good-quality services.

This study provides evidence of market competitive characteristics and imperfections that we have reason to believe affect the cost and provision of quality. Efficient markets require that buyers have full information. Until parents and other purchasers of care can easily distinguish good from mediocre and poor-quality centers, and demand higher quality, centers cannot increase their fees to cover the increased costs of providing better care. Since most centers have limited budgets, they cannot afford to provide better quality, given the existing fee structure.

Other conditions affect quality of services. First, weak licensing standards seem to induce some for-profit centers and church-affiliated centers to provide lower quality services. Second, accredited centers have higher quality. Third, publicly operated centers, worksite centers, and centers that conform to higher standards in order to receive public funding have higher quality; those centers seem to have sizeable donations or cash contributions, which they use to raise quality. Fourth, larger centers, or centers that maintain full capacity, can reduce costs and increase revenue, thus permitting an increase in quality.

Lower quality centers pay lower wages. We also found that wages of women working in child care are low, even compared to women's wages that already are lower than men's wages. Foregone wages are lower in Connecticut, where quality is higher. They are also lower in publicly operated and worksite centers where quality is higher. There is every reason to believe that higher foregone wages reduce staff job satisfaction and increase turnover. In the nonprofit centers studied, longer staff tenure is related to higher quality.

Recommendations

In this nation, there is a strong commitment to meeting the first of our national education goals—that by the year 2000, children will enter school ready to learn. Yet despite this knowledge and intent, the reality of child care in the United States today makes it highly unlikely that we will reach that goal. Unless poor-quality child care is curtailed, the development and well-being of large numbers of our nation's children may be jeopardized. To that end, we make one critical recommendation:

The nation must commit to improving the quality of child care services and to ensuring that all children and their families have access to good programs. That is, GOOD-QUALITY child care must become a merit good in the United States.

We predicate this recommendation on several assumptions:

- Child care participation will remain totally voluntary; that is, parents will have the right and responsibility to choose whether or not they use child care;
- Parents' right to choose child care will be preserved; that is, parents will have the right and responsibility to select the type of child care they wish;
- Child care will remain a mixed sector industry; that is, centers will continue to operate in the profit, nonprofit, and public sectors;
- As a merit good, a service we as a society want to provide for all children, the financing of quality child care will continue to be shared by responsible parties; that is, to the extent feasible, families will help pay for child care, as will responsible employers, philanthropic organizations, and the government.

To achieve this goal, we recommend four action steps.

ACTION STEP 1: Launch consumer and education efforts in the public and private sectors to help parents identify high-quality child care programs and to inform the American public of the liability of poor-quality programs.

- Give parents clear information regarding the observable ingredients of good-quality child care.
- Give parents and others information that clearly identifies good-quality programs.
- Initiate a long-term public media campaign analogous to the one addressing the impact of smoking on health, to raise public awareness of the nature and importance of good-quality child care.
- In collaboration with other private and public agencies, initiate a federally supported program of research to increase understanding of the child care market and to provide an ongoing data base on the status of child care and the effects on children in the United States.

ACTION STEP 2: Implement higher standards for child care at the state level, as a major approach to eliminating poor-quality child care.

- Create higher standards at the state level and improve monitoring of child care as a part of consumer protection. Standards must do more than protect the basic health and safety of children—they must also take into account children's developmental needs.
- Eliminate all exemptions from state licensing standards.

- Encourage centers to seek and maintain voluntary professional center accreditation based on high standards.
- Give state and federal financial incentives for centers to provide care that meets higher standards, eliminating federal regulations that restrict the ability of states to pay higher prices for higher quality care.

ACTION STEP 3: Increase investments in child care staff to assure a skilled and stable workforce.

- Invest more federal, state, and local government funds and private sector funds in the education and training of child care teaching staff and administrators.
- Provide all child care staff compensation appropriate to their training, experience, and responsibility.

ACTION STEP 4: Assure adequate financing and support of child care.

- Increase investment in child care by federal, state, and local government as well as the private sector, to help families pay the cost of good-quality care.
- Tie all federal and state child care funding to standards that demonstrably produce high-quality care.
- Provide financial incentives that enable centers to hire experienced administrators and skilled staff and to learn how to keep them.
- Tailor employee benefits to provide significant help to employees with young children, as part of the private sector's support of child care.

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Appendix 1: Study Methodology

This study examines the relationship between cost and quality of child care in centers, and the developmental outcomes of children enrolled in a subsample of the centers studied. The centers were located in four states—California, Colorado, Connecticut, and North Carolina—selected for their regional, demographic, and ECE program diversity.

Data were collected during the first half of 1993 on a stratified random sample of approximately 100 programs in each participating state, approximately evenly split between for-profit and nonprofit programs. The study included only state-licensed child care centers serving infants/toddlers and/or preschoolers that offered services at least 30 hours per week, 11 months per year. To be used in the sample, a program had to have been in operation at least one full fiscal year, and the majority of children had to attend at least 30 hours and five days per week. A total of 228 infant/toddler classrooms and 521 preschool classrooms were included.

The part of the study which addressed children's developmental outcomes included a subsample of observed preschool classes enrolling children eligible to enter kindergarten in fall 1994. A total of 826 children (approximately 200 per state) from 181 centers were included in this phase of the study. During the summer of 1993 individual assessments of the children were conducted at the centers by trained observers, and teachers and parents completed surveys.⁶

MEASURES AND PROCEDURES:

Through on-site interviews with center directors, data collectors obtained in-depth financial information such as center costs, revenue sources, and donation amounts. They also collected data on aspects of program characteristics, such as total attendance; enrollment and capacity; number of infants, toddlers, preschoolers, and school-aged children; number of publicly subsidized children; operating hours; ownership status; fee schedules; and source of payment. Finally, directors provided information on the education, training, demographic characteristics, and wages of each staff person working directly with children.

Staff persons in the sampled rooms completed questionnaires regarding their family and work experience. Center directors and lead teachers in each sampled room completed questionnaires on administrative leadership in the center. Parents in the sampled rooms were asked to complete a questionnaire about how they valued aspects of child care that professionals associate with child care quality, and about their assessment of quality in their children's classrooms.

Two well-established global measures were used to assess comprehensively the day-to-day quality of care provided for children: *The Early Childhood Environment Rating Scale* (Harms & Clifford, 1980) and its infant/toddler version, *The Infant/Toddler Environment Rating Scale* (Harms, Cryer & Clifford, 1990). In addition, two instruments designed specifically to measure teacher involvement and style were used, *The Caregiver Interaction Scale* (Arnett, 1989) and *The Teacher Involvement Scale* (Howes & Stewart, 1987). For each center, results of these observations for the two classrooms were combined into an overall quality index number for each center. The center quality index is a weighted average of the scores of the two rooms in the center, weighted by the percent of children in the center who were in the given age-group. Five times during the day, classroom observations of staff-to-child ratios and group size were made.

Data collected for the developmental outcomes component included individual child assessments, teacher ratings, and parent surveys. Each child was seen individually at the center for about 30 minutes to administer the following assessment instruments. Receptive language ability was measured using the *Peabody Picture Vocabulary Test-Revised* (Dunn & Dunn, 1981). The *Woodcock-Johnson Tests of Achievement-Revised* (Woodcock & Johnson, 1989; 1990) were used to examine pre-reading skills and pre-math skills. Children's attitudes toward child care and perceptions of competence were measured using the *Attitudes/Perceptions of*

⁶ Those children were assessed again during the spring of 1994, and will be assessed at the end of their kindergarten year in May 1995 in the longitudinal continuation of this study.

Competence Scale (Stipek, 1993). The children's teachers completed ratings of children's social skills using the *Classroom Behavior Inventory* (Schaefer & Edgerton, 1976). They rated the teacher-child relationship using the *Student-Teacher Relationship Scale* (Pianta, 1992; Pianta & Steinberg, 1992). Finally, parents completed demographic surveys.

All measures were studied descriptively to determine whether there were reliable differences related to region, auspice, or three measures of program scope: the proportion of center full-time-equivalent children who were subsidized, the proportion who were infants/toddlers, and whether the center offered a before-school and after-school program.

The econometric analysis involved estimating short-run total cost functions and quality production functions. We employed multiproduct translog cost functions where the services provided for infants-toddlers, preschoolers, and school-aged children are distinguished. Quality of the child care is controlled by the quality index described above. A vector of dummy variables, representing center attributes, is included to capture efficiency differentials due to center characteristics.

The quality production function is estimated using ordinary least squares, where the center quality index is explained by standard structural inputs (e.g., staff-child ratio, staff education, and experience) and the composition of programs offered by the center, as well as variables capturing center-specific idiosyncracies, such as an administrator's involvement in the center's organization and curriculum. The model also includes controls for the financial, regulatory, and institutional constraints surrounding the center's operation.

A psychometric analysis of correlates of quality was also performed using hierarchical regressions in which process quality was regressed onto 7 sets or "chunks" of structural variables. Seven sets of regression models were fit to the data. The first included the first set of variables, state and profit status. The second included the first two sets of variables—state, profit, and the teacher's background variables. Each successive regression involved adding another chunk of variables to the model.

A third analysis was performed, a discriminant analysis to identify the factors that are most able to classify centers offering poor, mediocre, or developmentally appropriate care.

Hierarchical linear regression models were used to test the concurrent relationship between children's developmental outcomes and the quality of their child care. The initial model for each outcomes variable included all main effects and two-way interactions to determine whether child and family functions, center sector, or geographic location mitigated the association between developmental outcomes and quality. Non-significant interaction terms were omitted one at a time until the model included all main effects, the state by sector interaction (which constituted the sampling frame) and all other significant two-way interactions.

Appendix 2: Cost & Quality Findings for All Centers by Profit Status

Variable	Mean Values		
	Non-Profit N=200	For Profit N=201	All N=401
Center Structure: Spring 1993			
Total FTE Children Enrolled	60	76	68
Percent of Centers Accredited	7	8	8
Percent of Infants & Toddlers	18	25	22
Percent of Centers with Before and After Care for School-Age	47	72	59
Annual Percent Center Turnover for Teachers	31	46	39
Annual Percent Center Turnover for Administrative Directors	13	18	15
Percent of Children Subsidized	34	13	23
Center Quality: Spring 1993			
Weighted Process Index, Scaled to ECERS	4.16	3.87	4.02
ECERS Total Quality Score	4.39	4.05	4.22
ITERS Total Quality Score	3.55	3.35	3.42
Midmorning Teacher to Child Ratios for Infants and Toddlers	0.31	0.26	0.28
Mid-Morning Teacher to Child Ratios for Preschoolers	0.19	0.14	0.16
Percent of Teachers with College Education or More	39	33	36
Months of Tenure for Teachers	53	36	43
Cost: Fiscal Year 1992			
Hourly Wage for Teachers	\$ 7.83	\$ 6.62	\$ 7.22
Hourly Wage for Assistant Teachers	5.97	5.43	5.70
Hourly Wage for Administrative Directors	12.22	9.89	11.33
Labor Cost per Child Hour	1.75	1.24	1.49
Facilities Cost per Child Hour	0.16	0.40	0.28
Total Cost per Child Hour	2.22	2.00	2.11
Foregone Wages per Child Hour	0.53	0.55	0.54
Total In-Kind Gifts per Child Hour	0.31	0.09	0.20
Full Cost (Total Cost + In-Kind Gifts + Foregone Wages)	3.03	2.63	2.83
Revenue & Fees: Fiscal Year 1992			
Revenue from Parent Fees per Child Hour	\$ 1.27	\$ 1.85	\$ 1.56
Revenue from Public Fee Payments per Child Hour	0.48	0.20	0.34
Total Revenue per Child Hour	2.28	2.10	2.19
Surplus or Deficit per Child Hour	0.06	0.09	0.08
Hourly Cost to Parents Net of Tax Credit*	1.10	1.62	1.36
Full-time Monthly Infant Fee Charged by Centers	434.78	461.53	450.80
Full-time Monthly Preschool Fee Charged by Centers	358.18	384.29	371.50
Preschool Hourly Fee (Monthly Fee/Hours of Care)	2.01	2.05	2.03

Note: Elements may not add to totals due to rounding.

* Equals full tuition discounted by subsidized children and federal income tax credit.

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Executive Summary

June 1999

The Children of the Cost, Quality, and Outcomes Study Go To School

Child Care Costs: How Do They Vary at Different Levels of Quality?

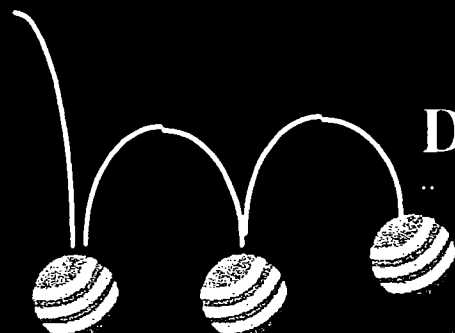
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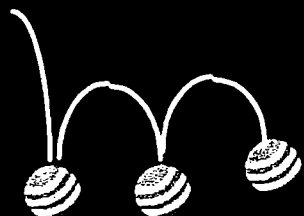


Data source:

Cost, Quality, and Child Outcomes Study

www.fpg.unc.edu/~NCEDL

Monthly Expenditures per Child for Low, Medium, and High Quality Centers



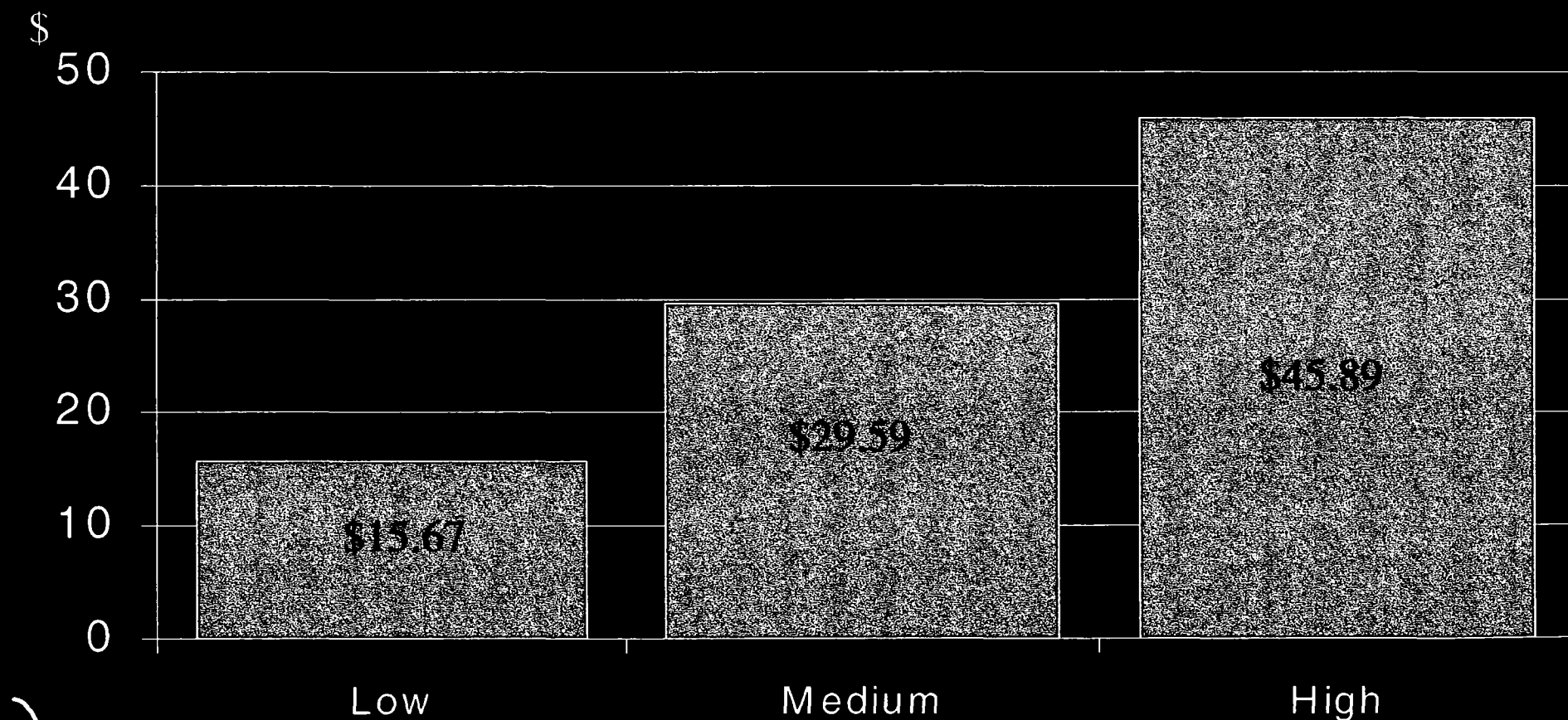
Monthly Expenditures per Child for Low, Medium, and High Quality Centers

	Low	Medium	High
EXPENDITURES			
Wages for all staff	\$ 179.48	\$ 252.72	\$ 312.98
Benefits and payroll taxes for all staff	28.13	10.02	60.18
Staff education expenses	1.81	1.78	2.17
Contract Labor	4.10	5.15	7.81
TOTAL LABOR COSTS	\$ 213.53	\$ 304.79	\$ 383.06
Occupancy(rent, utilities, cleaning, etc)	\$ 51.16	\$ 58.23	\$ 58.32
Food Service	19.88	17.90	17.70
Insurance	6.56	5.59	7.80
Other Operating Expenses	29.61	37.22	36.01
Overhead	5.81	4.19	1.96
TOTAL COSTS	\$ 326.55	\$ 427.99	\$ 504.86

Monthly Income per Child for Low, Medium, and High Quality Centers



Monthly Facilities Donations per Child for Low, Medium, and High Quality Centers



Quality of Care

Monthly Income per Child for Low, Medium, and High Quality Centers

	Low	Medium	High
INCOME			
Parent Fees	\$ 259.39	\$ 313.21	\$ 384.58
Agency Fees (DSS)	52.63	71.53	71.23
USDA Food	7.32	9.00	6.77
Other Public Funds	20.23	32.46	18.90
Other funds	10.91	23.77	32.30
TOTAL CASH REVENUE	\$ 350.42	\$ 449.98	\$ 513.75
 SURPLUS OR DEFICIT	 \$ 23.87	 \$ 22.00	 \$ 8.88
 Donations (cash equivalent)			
Volunteers	\$ 2.73	\$ 10.73	\$ 12.85
Facility	15.67	29.59	45.89
Food	0.18	1.12	0.94
Insurance	0.10	0.50	0.22
Equipment	0.62	2.04	2.90
Supplies	0.52	0.97	1.18
 TOTAL IN KIND DONATIONS	 \$ 19.82	 \$ 44.96	 \$ 63.98

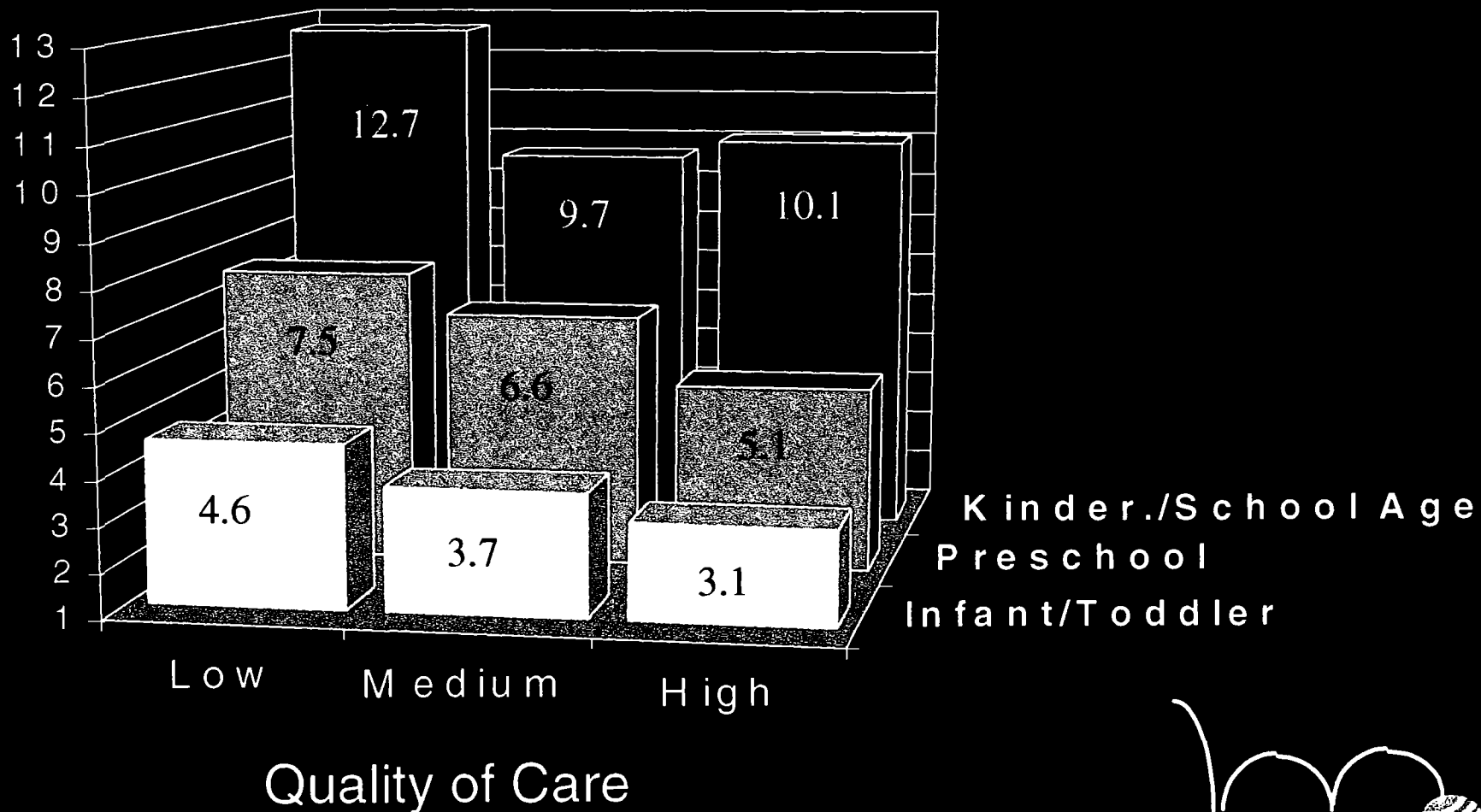
Quality Scores for Low, Medium, and High Quality Centers



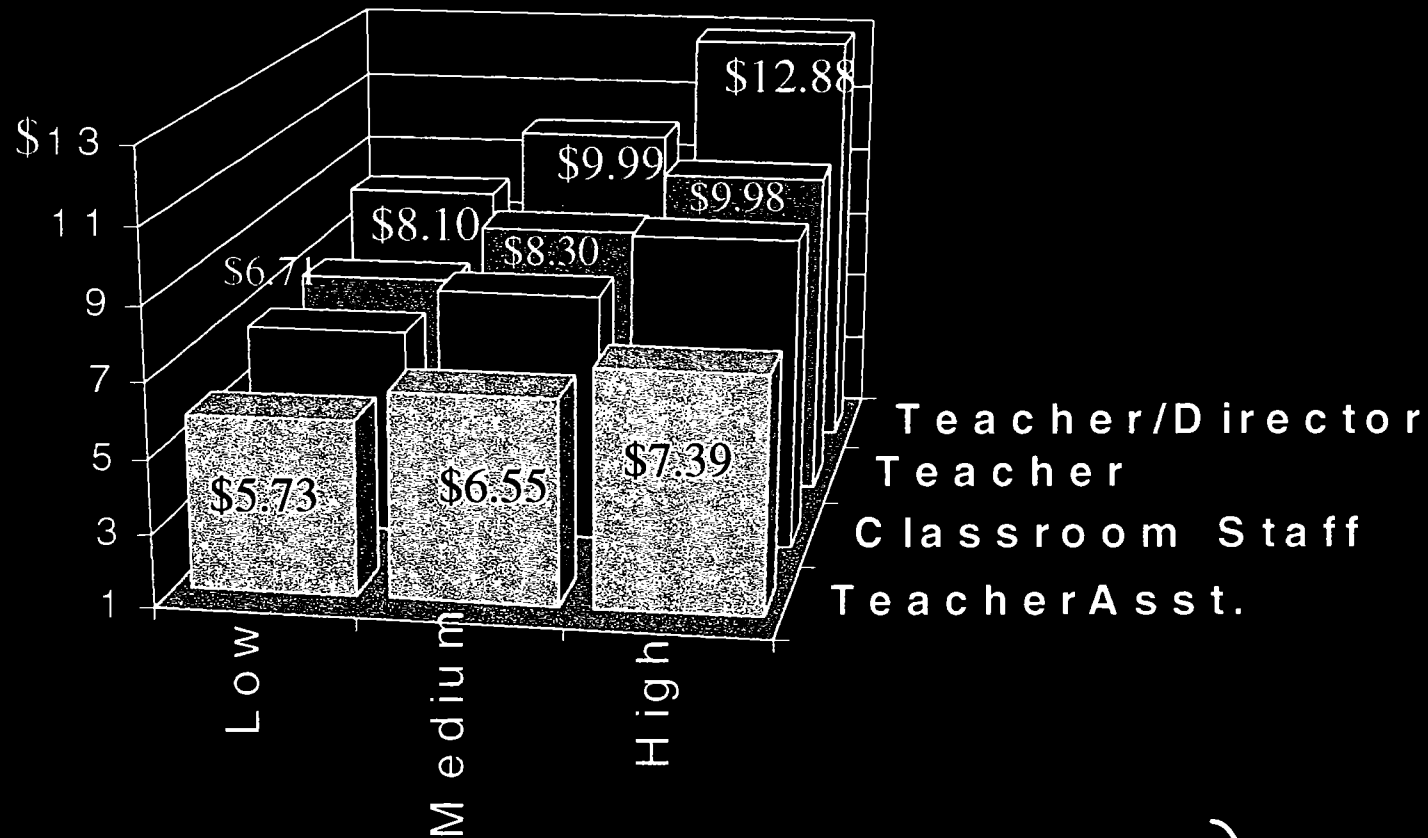
Quality of Care



Children per Adult at Low, Medium, and High Quality Centers



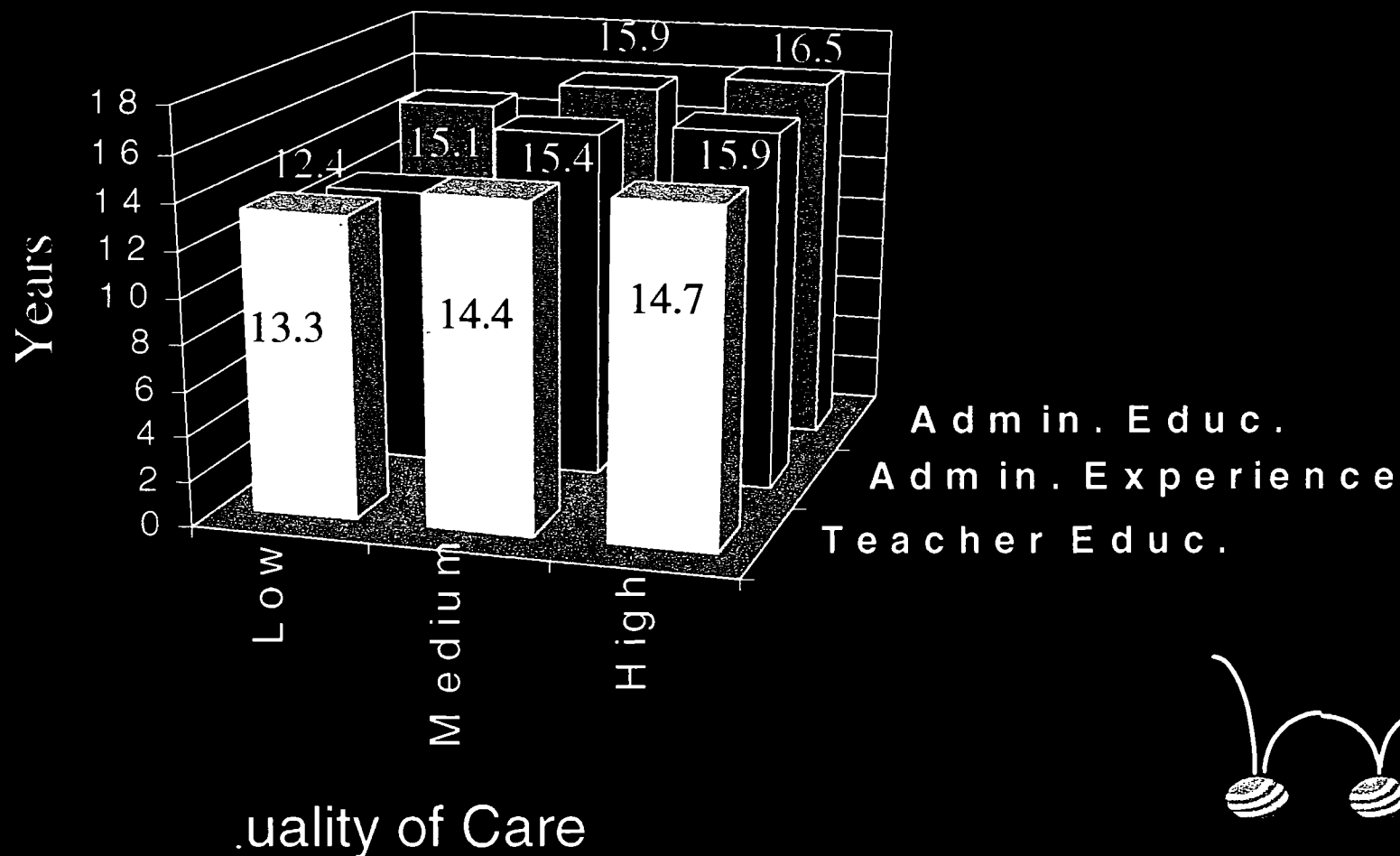
Staff Wages in Low, Medium, and High Quality Centers



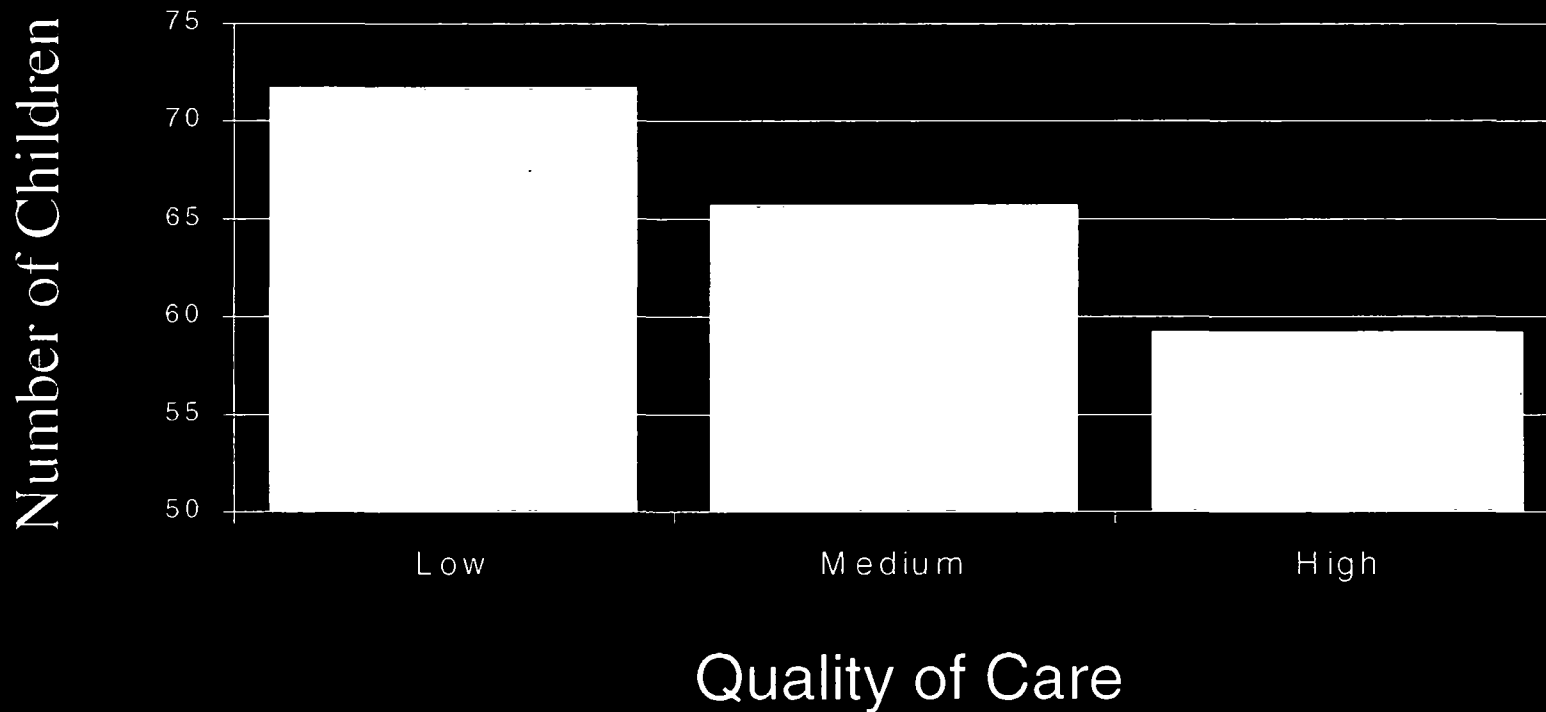
Quality of Care



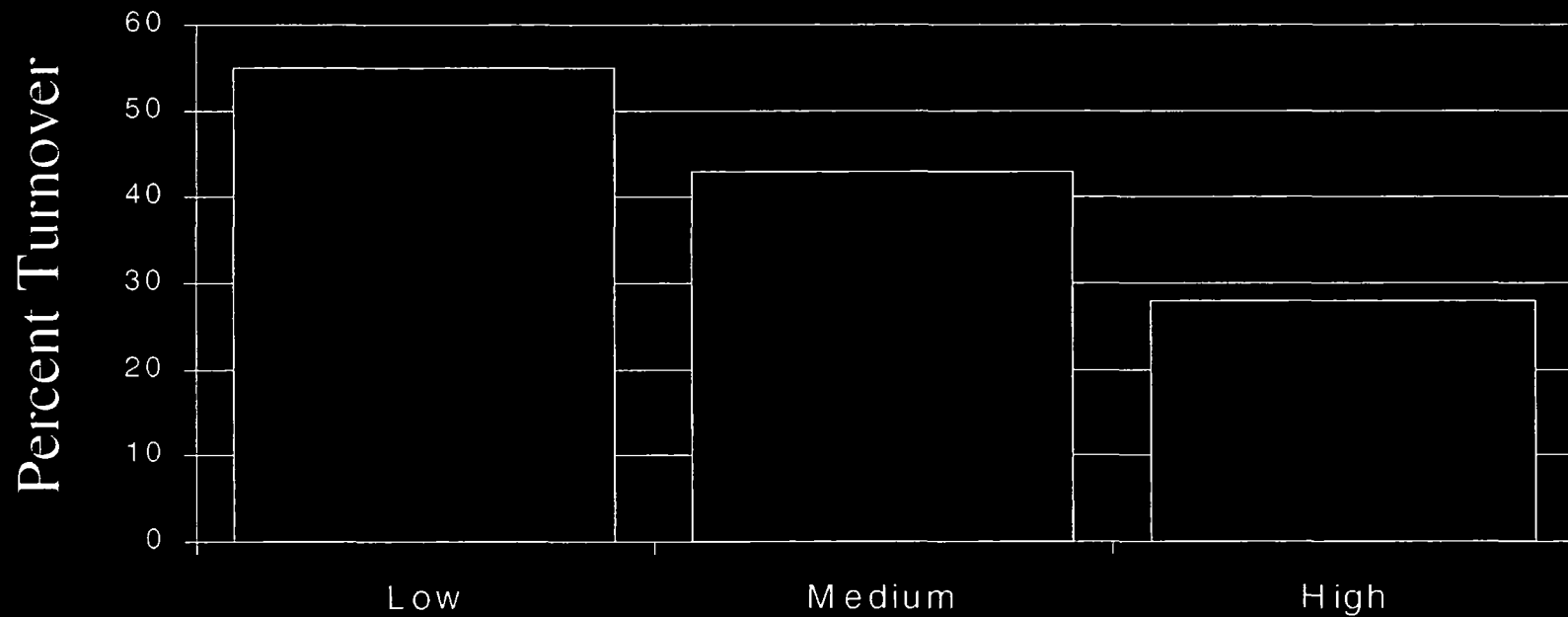
Staff Education and Experience in Low, Medium, and High Quality Centers



Enrollment in Low, Medium, and High Quality Centers



Staff Turnover in Low, Medium, and High Quality Centers



Quality of Care

