MEMORANDUM

TO: TOM FREEDMAN, MARY L. SMITH

FROM: DREW HANSEN

RE: HOMEOWNER'S INSURANCE FOR FAMILY CHILD CARE PROVIDERS

DATE: JULY 25, 1997

People who provide child care out of their homes have occasionally had difficulty purchasing or renewing their homeowner's insurance policies because of liability problems. This was s significant problem in the 1970s, before the development of specific "riders" that could be purchased to cover at-home child care. Even after the development of such riders, child care providers have found it difficult to purchase or renew homeowner's policies in Michigan, California, and Florida, and possibly in other states as well.

The child care providers themselves seem to think that the problem is widespread. They say that obtaining insurance can be particularly difficult for those who rent property.

The insurance industry seems to think that the problem varies by location. They maintain that the standard homeowner's policy contains an exclusion provision saying that all family child care activities are excluded from coverage. But if a provider buys a separate child care insurance rider, they argue, they should be able to obtain homeowner's coverage with little difficulty.

The Children's Foundation, a nonprofit based in Washington, D.C., advises family child care providers to purchase a separate liability insurance policy, but warns that even with such a policy an insurance company might cancel the provider's homeowner or renter policy for fear of being named in a lawsuit stemming from the family child care business. This seems to have been the situation in Michigan until 1996, when the state legislature passed a law to make it easier for family child care providers to obtain homeowner's insurance. The law makes the risk of a licensed family provider equal to the risk of a non child care provider for homeowner's insurance. However, the law still allows insurance companies to require child care providers to purchase a liability rider as a condition of homeowner's coverage.

There appears to be no standard way of dealing with the homeowner's insurance needs of at-home child care providers. It appears that many at-home providers have difficulty obtaining or renewing homeowner's insurance, even if they have purchased a separate liability policy.

Current Population Reports

Household Economic Studies

CENSUS BUREAU

P70-53
March 1996

Who's Minding Our Preschoolers?

By Lynne M. Casper

One of the greatest challenges for employed parents is finding good quality, low cost child care. 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. Preschoolers are also in the midst of forming personalities, developing cognitively, and learning social skills, and child care providers can and do have a major impact on these processes and their outcomes. For these reasons, finding the right provider is critical. In this report, we examine how working parents arrange care for their preschoolers.

Almost half of preschoolers are cared for by relatives while their mothers are at work

According to the Survey of Income and Program Participation, in the fall of 1993 there were 9.9 million children under age 5 who were in need of child care while their mothers were working. Almost half (48 percent) of these preschool-age children were primarily cared for by relatives (figure 1). Seventeen percent of preschool children were cared for by their grandparents during their mothers' working hours; about the same proportion were cared for by their fathers. The majority of preschoolers who were cared for by relatives were, in fact, cared for by either their grandparents or their fathers, each accounting for a third of the care provided by relatives. Other relatives such as aunts, uncles, and cousins played a smaller role in providing child care services overall, amounting to about 9 percent of all arrangements for preschoolers. Mothers provided the remainder of the care by relatives. About 6 percent of preschoolers were cared for by their mothers; most of these moms worked at home.

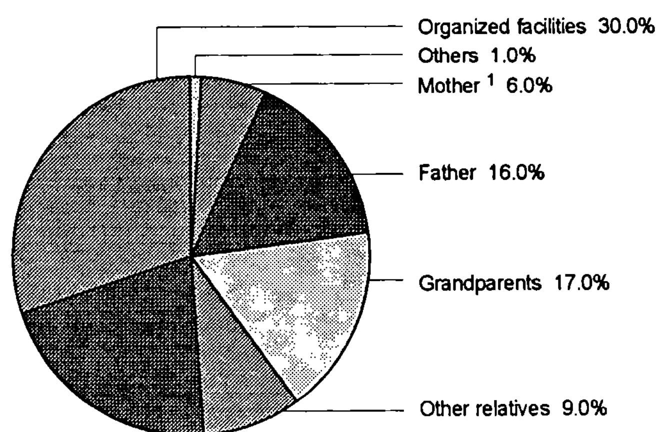
A little more than half (52 percent) of preschool-age children were cared for by someone other than relatives while their mothers were at work. In 1993, more preschoolers were cared for in organized child care facilities than in any other single arrangement; approximately 1 in 3 preschoolers were cared for in organized child care facilities. Nonrelatives, including in-home babysitters and family day care providers, were also important sources of child care; about 1 in 5 preschool-age children were cared for by nonrelatives.

Another important consideration in the choice of child care arrangements is the environment in which care is provided. In 1993, about a third of preschoolers were cared for in each of the three major child care environments: the child's home, the provider's home, and organized child care facilities (table 1).

Defining Child Care Arrangements

Relatives include mothers, fathers, siblings, grandparents, and other relatives. **Other relatives** include aunts, uncles, and cousins. 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. **Nonrelatives** include in-home babysitters and family day care providers.

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



[1] Includes mothers working at home or away from home.

	'88	'93
Fam	24	17
	26	30

little g. since 1970s,
true even w/ [illegible].

64 '86
79 '93

(4) now –
below POV
18%
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79.

Table 1.
Primary Child Care Arrangements of Preschoolers by Mother's Employment Status: Fall 1993

Type of arrangement	All preschoolers		Employment status [1]							
			Employment schedule				Shift work status			
			Full time		Part time		Day shift		Non-day shift	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All Preschoolers	9,937	100.0	6,426	100.0	3,512	100.0	6,083	100.0	3,855	100.0
Care in child's home	3,054	30.7	1,656	25.8	1,398	39.8	1,465	24.1	1,589	41.2
By father	1,585	15.9	719	11.2	866	24.7	657	10.8	928	24.1
By grandparent	649	6.5	384	6.0	264	7.5	361	5.9	287	7.4
By other relative	328	3.3	227	3.5	101	2.9	166	2.7	162	4.2
By nonrelative	492	5.0	325	5.1	167	4.8	281	4.6	211	5.5
Care in provider's home	3,184	32.0	2,239	34.9	945	26.9	2,095	34.4	1,089	28.3
By grandparent	996	10.0	684	10.6	312	8.9	593	9.7	403	10.5
By other relative	543	5.5	384	6.0	159	4.5	360	5.9	183	4.8
By nonrelative	1,645	16.6	1,171	18.2	474	13.5	1,143	18.8	503	13.0
Organized child care facilities	2,972	29.9	2,166	33.7	806	22.9	2,146	35.3	826	21.4
Day/group care center	1,823	18.3	1,398	21.8	425	12.1	1,369	22.5	453	11.8
Nursery/preschool	1,149	11.6	768	11.9	381	10.9	776	12.8	373	9.7
Mother cares for child at work [2]	616	6.2	280	4.4	336	9.6	296	4.9	321	8.3
Other [3]	111	1.2	84	1.3	26	0.8	81	1.3	30	0.8

[1] Calculations based on mother's principal job only.
[2] Includes women working at home or away from home.
[3] Includes preschoolers in kindergarten and school–based activities.

Preschoolers' child care arrangements have changed dramatically over the past few years

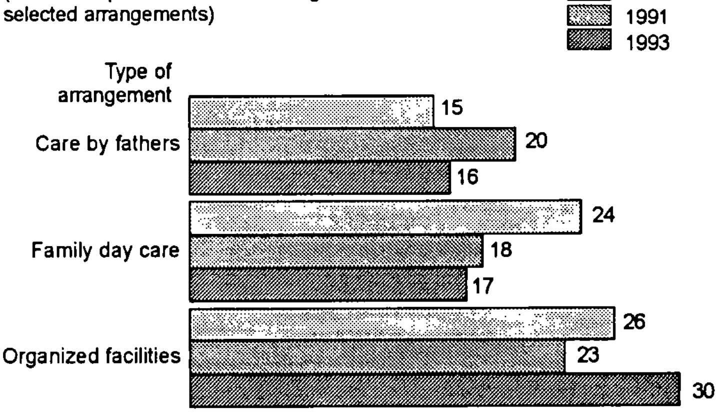
Noteworthy changes have recently occurred in the types of child care arrangements parents use for their preschoolers. Between 1988 and 1991, the proportion of preschoolers who were cared for in organized child care facilities declined from 26 percent to 23 percent (figure 2). However, between 1991 and 1993, this trend reversed itself and the proportion of preschoolers who were cared for in organized facilities jumped from 23 percent to 30 percent, representing a 30 percent increase over the 2-year period.

During the same time periods these shifts were occurring, there were offsetting changes in the proportions of preschoolers being cared for by fathers and family day care providers. Care by fathers, while remaining at about the 15 percent level between 1977 and 1988, sharply increased to 20 percent by 1991. However, between 1991 and 1993, the proportion of preschoolers being cared for by their fathers dropped back down to 16 percent.

Family day care had also been a consistent source of child care arrangements, providing 23 percent of all arrangements for preschoolers in 1977 and 1988. However, the proportion of children cared for by family day care providers sharply fell from 24 percent in 1988 to 18 percent in 1991 and remained at this historically low level in 1993.

Between 1988 and 1991, the decreases in the use of organized child care facilities and family day care providers, and the increase in care by fathers, may have been rational responses to the economic recession which occurred during the same time period. Increases

Figure 2.
Changes in Selected Child Care Arrangements: 1988 to 1993
(Percent of preschoolers of working mothers in selected arrangements)



in the proportion of fathers who were unemployed and working at part-time jobs meant that more fathers were available to serve as potential child care providers. These shifts also may have reflected the desire of parents to cut down on child care costs by switching to more parental supervision of their children whenever possible. Between 1991 and 1993, the fact that the decline in care by fathers and the increase in the use of organized facilities occurred at the same time as the recession was ending also supports this notion. Note also that not only did father care decline during this period, but mother care declined as well from 9 percent in 1991 to 6 percent in 1993.

It could be then, that the increase in care by fathers between 1988 and 1991 which many thought was part of a growing social trend for fathers to become more involved in the rearing of their children, actually was driven more by the economy and the attendant economic circumstances of families with young children. The continued comparative unpopularity of family day care may in part reflect a growing uneasiness of parents to use a minimally regulated arrangement where there is a single provider, as opposed to a heavily regulated arrangement — an organized child care facility — where there are a number of providers. Recent media reports of child neglect and abuse at the hands of babysitters and family day care providers may also be a factor in the decline in the use of family day care providers.

Mothers working evening or night shifts have an easier time arranging for relative and in-home care

The type of shift that a mother works makes a big difference in the kind of primary care arrangements she uses. When compared to children whose mothers work day shifts, children whose mothers work non-day shifts are less likely to be cared for by someone other than a relative.[1] For example, among preschoolers whose mothers worked a day shift at their principal job, 60 percent were cared for by someone who was not related to them compared with only 41 percent of children whose mothers worked a non-day shift (figure 3).[2]

Use of organized child care facilities was also more prevalent for children of women working day shifts, accounting for 37 percent of all child care arrangements (figure 3). Because organized child care facilities often may not be available during evenings or on weekends, children of women working non-day shifts used these facilities less frequently, amounting to 22 percent of all child care arrangements.

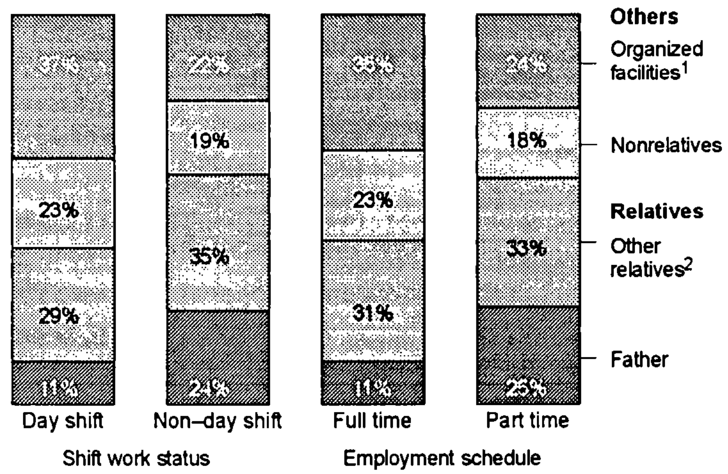
Working non-day rather than day shifts may offer more opportunities for women with preschoolers to secure care for their children by relatives, especially by the children's fathers. Overall, 59 percent of the preschool-age children of women working non-day shifts were cared for by relatives compared with only 40 percent of the children of women working day shifts. In addition, preschoolers whose mothers worked non-day shifts were two and one-half times as likely as preschoolers whose mothers worked day-shifts to have their fathers as primary care providers (24 percent vs. 11 percent).

Children whose mothers worked day shifts were also more likely to be cared for in another home than children whose mothers worked non-day shifts (table 1). Among preschoolers whose mothers worked a day shift, 34 percent were cared for in another home compared with 28 percent of children whose mothers worked a non-day shift. In contrast, only 24 percent of the preschool-age children of women working day shifts were cared for in their own home compared with

[1] Day shift in this report is defined as a work schedule where at least one-half of the hours worked daily were between 8:00 a.m. and 4:00 p.m. All other schedules in which the majority of hours are worked outside of this period or which have irregular or rotating hours are classified as non-day work shifts.

[2] The 37 percent of preschoolers who are cared for in organized facilities includes about 1 percent of children who are in kindergarten or school based activities.

Figure 3.
Child Care Arrangements for Preschoolers by Employment Status of Mother: 1993



[1] Includes day care centers, nursery schools, preschools, and about 1 percent of children in kindergarten or school based activities.
[2] Includes mothers, siblings, grandparents, and other relatives.

41 percent of the children of women working non-day shifts.

Mothers working part time also have an easier time arranging for relative and in-home care

Child care patterns by the number of hours worked are similar. Preschool children of mothers employed full time were less likely to be cared for by relatives (42 percent) than were children of mothers employed part time (58 percent). On the other hand, full-time working mothers relied more heavily on child care by nonrelatives (23 percent) and organized child care facilities (35 percent) than did part-time working mothers.

Preschool-age children of part-time working mothers were twice as likely to be cared for by their mothers while at work (10 percent), than were children of mothers who worked full time (4 percent, table 1). In addition, child care provided by the father was also more frequent when the mother worked part time (25 percent) than full time (11 percent). Families may have chosen a part-time work schedule for mothers in order to reduce work schedule conflicts between spouses, thus providing these families with a greater opportunity for one parent to care for their children while the other parent is at work.

In 1993, children whose mothers were employed full time were less likely to be cared for in the child's home (26 percent) than were children whose mothers were employed part time (40 percent). However, no differences at all were found in the proportion of grandparents and other relatives (10 percent) or nonrelatives (5 percent) caring for preschoolers in the child's home among children whose mothers were employed part time versus full time. In contrast, full-time working mothers relied more heavily on child care in someone else's home (35 percent) than did part-time working mothers (27 percent).

Black and Hispanic mothers rely more heavily on their relatives to provide child care assistance while they are working than do White mothers

In 1993, at least half of the care received by Black and Hispanic preschoolers was provided by their relatives compared to only about 45 percent of the care received by White children (table 2). About 4 in 10 Black and Hispanic children were cared for by grandparents or other relatives compared to only about 2 in 10 White children. Care by grandparents was especially important to Black and Hispanic families, accounting for one-fifth of all arrangements used for preschoolers. Care by fathers was less common among Black children than among either White or Hispanic children.

In contrast, White preschoolers were more likely to be cared for by nonrelatives or in organized child care facilities than either Black or Hispanic preschoolers (54 percent compared with 48 percent and 41 percent respectively). But, Black and White children were more likely to use organized child care facilities (about 32 percent each), than were Hispanic children (21 percent).

Children who live with only one parent are much more likely to be cared for by their grandparents and other relatives than are children who live with married-couple parents

Because children who live with married couple parents are more likely to live with their fathers than are children who live with only one parent, preschoolers with married parents are more likely to be cared for by their fathers. In 1993, preschoolers in married-couple families were fourteen times more likely to be cared for by their fathers than preschoolers whose parents were divorced, widowed, or separated, and 4 times more likely to be cared for by their fathers than children who lived with a never-married parent.

In contrast, children in one-parent families were much more likely to be cared for by grandparents and other relatives than those in married-couple families. Only 14 percent of children living with married-couple parents were cared for by their grandparents compared with 21 percent of preschoolers whose parents were divorced, widowed, or separated and 28 percent of preschoolers whose parents never married. Compared with preschoolers whose parents were married, preschoolers whose parents were not married were twice as likely to be cared for by other relatives (7 percent vs. 16 percent).[3]

Relatives provide a great deal of child care for preschoolers in poor families

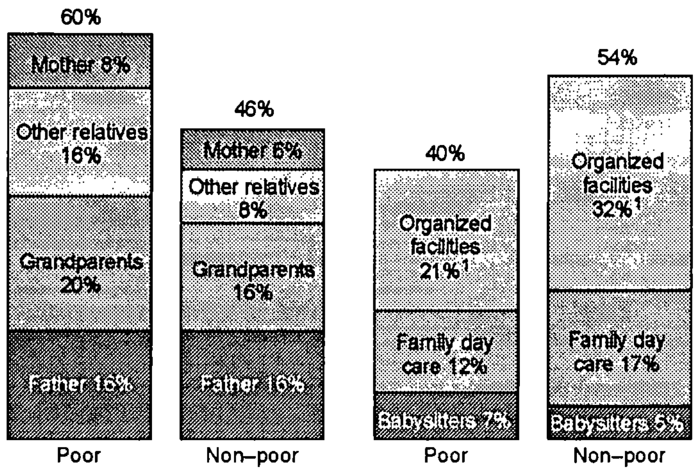
For many families child care can be a costly expense. However, asking relatives to serve as child care providers may be one way to avoid having to pay for child care. Child care costs constitute an especially large portion of the poor family's budget, so it comes as no surprise that poor families rely more heavily on relatives to help them out with child care than non-poor families do.[4] In 1993, 60 percent of all child care for preschoolers in poor families was provided by relatives, compared to only 46 percent for non-poor families (figure 4).

Grandparents and other relatives play an especially large part in the child care of poor preschoolers. Preschoolers in poor families were 50 percent more likely to be cared for by their grandparents and other relatives than were preschoolers in non-poor families (36 percent vs.

[3] The proportion of preschoolers of widowed, separated, or divorced mothers who were cared for by grandparents (21 percent) is not significantly different from the proportion who were cared for by other relatives (16 percent).

[4] For more information about child care costs see Casper, Lynne M. 1995. *What Does It Cost to Mind Our Preschoolers?* U.S. Government Printing Office: Washington DC.

Figure 4.
Child Care Arrangements for Preschoolers by Poverty Status: 1993



[1] Includes day care centers, nursery schools, preschools, and about 1 percent of children in kindergarten or school based activities.

24 percent). In contrast, fathers and mothers were no more likely to provide child care in poor than non-poor families.

Poor families are less likely to use organized child care facilities than non-poor families because child care in an organized facility is one of the most expensive of all types of child care arrangements. In 1993, children in poor families were two-thirds less likely than children in non-poor families to be cared for in organized child care facilities while their mothers were at work (21 percent vs. 32 percent).

Children in families receiving welfare benefits are more dependent on relatives to provide child care

In the fall of 1993, approximately 1.5 million preschoolers lived in families who received either General Assistance, AFDC (Aid to Families with Dependent Children), Food Stamps, or WIC (Special Supplemental Food Program for Women Infants and Children). A significant proportion of preschoolers lived in families who participated in more than one program at the same time (43 percent).

Like children in poor families, those receiving either General Assistance, AFDC, Food Stamps, or WIC benefits were more likely to be cared for by relatives than were those not receiving these benefits (57 percent vs. 46 percent). Children whose families received at least one type of assistance were also less likely to be cared for in organized day care facilities than were those not receiving these benefits (23 percent vs. 31 percent).

When we examine the usage of child care arrangements by recipients in specific programs, we see this pattern does not necessarily hold. Children in families enrolled in the WIC program were 20 percent more likely to be cared for by relatives than were children not enrolled in the program. Similarly, children in families receiving Food Stamps were also 20 percent more likely to be cared for by relatives than were children not receiving Food Stamps. However, children in families receiving AFDC were no more likely to be cared for by relatives than were those not receiving AFDC. The principal reason for this difference is because a smaller proportion of preschoolers are cared for by their fathers in AFDC families (5 percent) than in WIC (14 percent) and Food Stamp families (11 percent).[5]

Similar to children in poor families, children in families receiving WIC benefits are much less likely to be cared for in organized child care facilities when compared with those not receiving WIC benefits (19 percent vs. 31 percent). In contrast, AFDC and Food Stamp recipients are about equally as likely as non-recipients to use organized child care facilities. Why would WIC recipients be less likely to use organized child care facilities than non-recipients? One reason may be because mothers in families receiving WIC benefits are younger and have younger children than mothers in families receiving other types of benefits and some organized facilities have regulations restricting enrollment to older children. In 1993 for example, only 19 percent of infants under 1 year of age were cared for in organized facilities while their mothers were at work compared with 42 percent of 4-year-olds. Note also that in families with mothers aged 15 to 24, one-fifth of preschoolers were cared for in organized facilities compared with one-third of those in families with mothers who are 35 years of age or more.

Organized child care facilities are more popular in the South and in the suburbs

In 1993, families in the South were more likely to choose organized child care facilities and less likely to choose relatives as primary care providers for their preschoolers than families in any other region of the country. In contrast, families residing in the Northeast were the most likely to call on relatives to provide care for their preschoolers. The greater use of relatives in the Northeast

[5] Proportions of children cared for by their fathers in WIC (14 percent) and Food Stamps (11 percent) families were not significantly different from each other.

Primary Child Care Arrangements Used for Preschoolers by Families With Employed Mothers: Fall 1993

Characteristics	Number of children	Type of primary care arrangement: Care in child's home by: Father	Grand-parent	Other relative	Non-relative	Care in another home by: Grand-parent	Other relative	Non-relative	Organized facilities: Day-care center	Nursery/pre-school	Mother cares for child[1]	Other[2]
All Preschoolers	9,937	1,585	649	328	492	996	543	1,645	1,823	1,149	616	111
Race and Hispanic Origin:												
White, not Hispanic	7,295	1,252	389	141	370	699	299	1,294	1,461	807	529	54
Black, not Hispanic	1,161	101	123	82	17	106	135	164	188	191	33	22
Hispanic origin	1,078	161	86	85	76	158	88	136	110	119	34	26
Other	403	71	50	21	30	33	21	51	64	31	21	9
Age of Child:												
Less than 1 year	1,631	285	123	45	98	183	108	364	284	29	113	-
1 year	2,122	392	186	88	84	229	136	449	408	56	92	3
2 years	1,969	304	117	55	139	247	113	327	392	140	132	3
3 years	2,161	300	128	76	87	172	111	322	424	386	152	3
4 years	2,055	304	95	65	85	166	74	184	314	539	127	102
Marital Status:												
Married, husband present	7,841	1,514	378	183	394	750	360	1,282	1,429	924	543	84
Widowed, separated, divorced	1,012	14	113	70	60	101	90	176	192	137	48	12
Never married	1,084	57	158	75	39	144	94	188	201	88	25	14
Age of Mother:												
15 to 24 years	1,566	225	184	69	61	226	118	279	256	77	60	10
25 to 34 years	5,984	1,040	340	150	263	615	334	982	1,113	713	363	71
35 years and over	2,387	320	124	108	168	155	91	385	454	359	192	30
Educational Attainment:												
Less than high school	1,051	180	109	98	50	90	85	155	116	96	64	8
High school, 4 years	3,549	611	258	115	118	447	253	564	600	346	201	38
College, 1 to 3 years	2,772	447	155	69	123	267	139	437	542	347	210	35
College, 4 or more years	2,566	347	127	46	203	192	66	489	564	360	141	30
Enrollment in School:												
Enrolled in school	742	89	69	27	24	58	30	124	166	101	48	8
Not enrolled in school	9,196	1,496	579	301	468	938	513	1,522	1,657	1,048	569	104
Monthly Family Income[3]:												
Less than $1,200	1,070	170	70	52	61	143	100	161	143	73	83	13
$1,200 to $2,999	3,268	648	177	116	96	370	235	490	516	324	262	35
$3,000 to $4,499	2,578	454	189	70	114	266	86	488	476	275	136	26
$4,500 and over	2,981	313	204	90	219	210	123	498	685	475	127	38
Poverty Level[3]:												
Below poverty	1,068	173	88	65	70	126	104	131	128	83	87	13
Above poverty	8,829	1,412	552	263	419	862	439	1,506	1,692	1,064	521	98
Program Participation:												
All recipients[4]	1,537	198	141	91	62	193	157	229	247	111	98	11
Non-recipient[5]	8,401	1,387	507	237	431	803	386	1,416	1,576	1,038	519	101
AFDC recipient	443	20	44	32	24	43	49	68	81	48	32	2
Non-recipient	9,495	1,565	605	296	468	953	494	1,577	1,742	1,101	584	109
WIC recipient	1,019	139	89	70	28	118	126	178	139	58	67	6
Non-recipient	8,919	1,446	559	258	465	878	417	1,467	1,683	1,091	549	105
Food Stamps recipient	873	93	81	48	38	113	107	93	155	82	52	11
Non-recipient	9,064	1,492	568	280	454	883	436	1,552	1,668	1,067	564	101
Region:												
Northeast	1,748	440	112	78	89	185	93	189	290	152	104	16
Midwest	2,773	453	200	78	92	272	120	609	479	237	211	21
South	3,319	348	203	93	184	337	237	506	695	531	134	50
West	2,097	344	133	80	126	202	93	341	359	229	166	23
Metropolitan Residence:												
Metropolitan	7,746	1,246	507	256	433	761	391	1,234	1,402	960	467	88
In central cities	2,844	495	218	108	147	296	143	471	465	316	150	34
Suburbs	4,902	751	290	148	286	465	247	763	937	644	317	55
Nonmetropolitan	2,191	339	141	72	59	235	152	412	420	189	149	23

- Rounds to or represents zero. [1]Includes mothers working at home or away from home. [2]Includes preschoolers in kindergarten and school-based activities. [3]Omits preschoolers whose families did not report income. [4]Family receiving either AFDC, Food Stamps or WIC, or any combination of the three programs. Also includes a small number of preschoolers (18,000) whose families are on General Assistance. [5]Family not receiving either General Assistance, AFDC, Food Stamps or WIC.

can be attributed to the greater use of fathers in the region, where 1 in 4 preschoolers were cared for by their fathers, compared to 1 in 6 in the Midwest and West, and only 1 in 10 in the South.

Families in the suburbs were more likely to use organized child care facilities to care for their preschoolers (32 percent) than were families in central cities or nonmetropolitan areas (28 percent each). On the other hand, preschoolers residing in central cities and nonmetropolitan areas (50 percent each) were more likely than preschoolers residing in the suburbs (45 percent) to be cared for by relatives.

Upcoming reports

Sharp changes in the distribution of preschoolers' child care arrangements have been observed between 1988 and 1993. For example, between 1988 and 1991 care by fathers rose substantially for the first time since 1977. However, between 1991 and 1993 there was a decline in the use of fathers as principle care providers back down to the level it had been before 1991. In our next report, we explore the reasons for this shift and the other shifts in child care arrangements that occurred over this period.

More information

A detailed table package showing the costs of child care and the child care arrangements of preschool and gradeschool children is available on floppy disk for $20 (PE-33) or on paper for $10 (PPL-34) from the Population Division's Statistical Information Office (301-457-2422). The table package is also available on the INTERNET (http://www.census.gov); look for child care data from the Population Division. Information about child care costs is available in the report *What Does It Cost to Mind Our Preschoolers?* (P70-52). To order a copy of this report, contact the Statistical Information Office.

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Accuracy of the data

All statistics are subject to sampling error, as well as nonsampling error such as survey design flaws, respondent classification and reporting errors, data processing mistakes, and undercoverage. 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. Contact Jennifer Guarino, Demographic Statistical Methods Division, at 301-457-4228 or on the INTERNET at jguarino@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 estimates in this publication.

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P70-52
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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).

Defining Child Care Arrangements

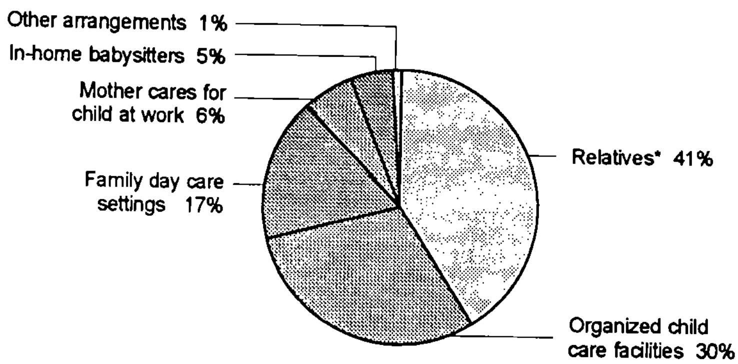
Family members or relatives include fathers, siblings, grandparents, and other relatives. An organized child care facility is a day care center, a nursery school, or a preschool. A family day care provider is a nonrelative who cares for one or more unrelated children in her/his home. In-home babysitters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

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).

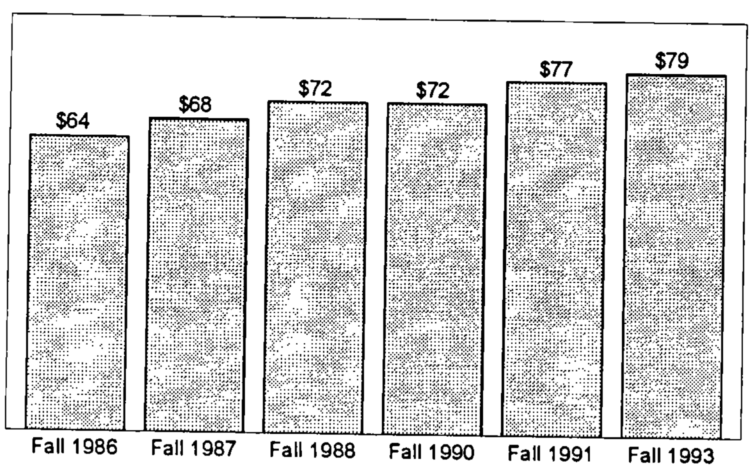
In this report, we first discuss the costs parents pay for different

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.

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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				
Total[2]	**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 childen. [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												
Total[1]	**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. [1]Includes payments for school related child care arrangements. [2]Nonrelatives caring for child in the provider's home. [3]Payments exclude fathers and siblings.

about 7 percent of their income on child care.

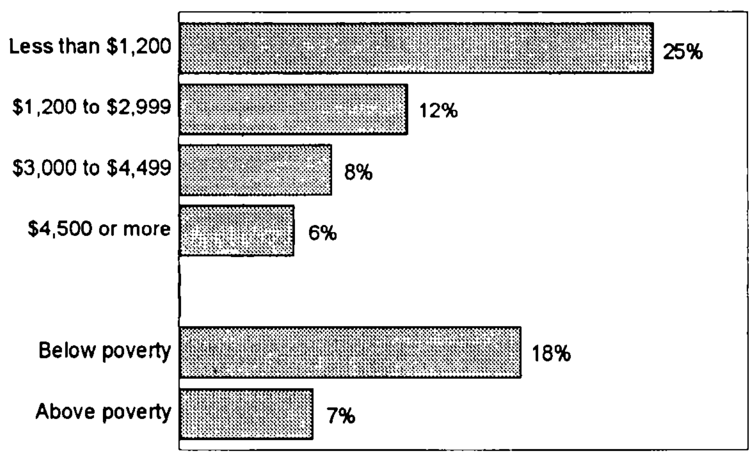
Families whose mothers have more education pay more for child care than families whose mothers have less education. In 1993, families whose mothers had less than a high school education paid significantly less for child care per week ($60) than families whose mothers completed some college ($70), and 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.

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



*Limited to families with a preschooler.

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.

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

[1]Average per week for families making child care payments for any child under 5 years old. [2]Average monthly income for the last 4 months among families making child care payments. [3]Percent is ratio of average monthly child care payments to the average monthly family income. [4]Also includes the small number of families (17,000) on General Assistance. [5]Family 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 nonsampling error such as survey design flaws, respondent classification and reporting errors, data processing mistakes, and undercoverage. 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.

HOMEOWNERS' INSURANCE - CHILD CARE * ø state Family child care conf.

varies from state-by-state - comparative on rates

call from ms. Dot Willingham

205 933 1095

blooming big issue, esp. w/ renters.

Widespread - some worse (NYC b/c rent control)

· Nat'l Assoc of Family CC Provider's → Debra Eaton 619-466-8340

202-347-3300

· Children's Fdn Liability Ins for Fam CC Prov

Sandy Geller

FL Rep

Christina Hry (etc)

407-260-6279

· CA CC Law Ctr (renters) → 415-495-5498

* Family Dept

CC Bureau

~~Joan Lombardo~~

~~202-401-6947~~

Is a big problem - but different solutions in different places. Late 1970s cancel homeowners b/c family child care - then companies w/ liability - spec. policies = ↓.

Now, a problem in ctn areas → KS
CA (renter's)
VA

National Care Providers Insurance, Inc.

1.) insurance availability dep. on locale - companies w/ nat disasters → w/draw mkt share for homeowners

2.) fam CC providers ø get b/c homeowner cmp perc. risk b/c day care - std is exc provision saying all fam cc excluded

Insurance Services Office (ISO)

* can provide homeowners if ev. that are separately insured.

IL, OR, WA, FL, VA, CA = recent problems

- low learning non renewal of a daycare home solely b/c daycare

∅ pol. pressure locally b/c fam a providers ∅ strong.

– Nat'l Care Providers Ins.

Joe Silverman

ISO-CA 213 725 -1777

Gary L Arthington

212-898-6000

actuary division

[redacted]

IBA-West 415 957 1212

640-7431

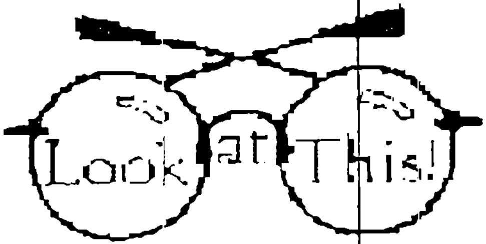
Dept. of Ins. 213 738 5333

MN

March 19 1986 makes licensed family provider risk = to non a provider in homeown ins.

companies were denying coverage even to those w/ separate bus. liab ins. riders

BUT still have to req. providers to purch. bus liab ins. to rec. homeowners



Fax From

The Children's Foundation

Name:

Address: 725 Fifteenth Street, NW, Suite 505

City: Washington State: D.C. Zip: 20005

Facsimile (202)347-3382 Telephone: (202)347-3300

To: Drew Hansen

Company:

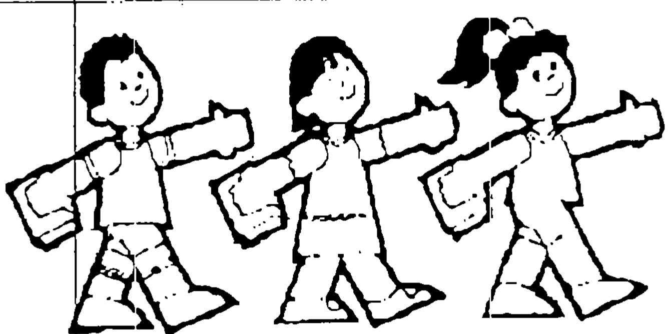
Address:

City: State: Zip:

Facsimile: (202) 456-7431 Telephone: ( ) -

NOTES

Per your request:



Transmitting a total of 2 pages including this page. If you do not receive all the pages, please contact us immediately at (202) 347-3300

☐ PLEASE CONFIRM RECEIPT OF THIS FAX BY ☐ PHONE ☐ FACSIMILE

THE CHILDREN'S FOUNDATION
725 Fifteenth Street, N.W., Suite 505 • Washington, D.C. 20005-2109
(202) 347-3300

LIABILITY INSURANCE FOR FAMILY CHILD CARE PROVIDERS

Carrying insurance is something most of us take for granted and have in many forms. If we own a house, we have a homeowner's policy on the house and its contents. If we rent a house or apartment, we have renter's insurance. There is insurance required for our automobiles, trucks, and boats, and most of us carry some form of life insurance, health insurance and/or disability insurance.

There is another form of insurance, however, that both large and small businesses carry - commercial liability insurance. This protects against loss of the business. Liability policies may include medical and accident insurance. If the policy does not include these coverages, you may need separate policies.

Often, family child care providers, who are small business owners operating from their home, do not understand either the need for or the value of carrying business liability insurance. And, unfortunately, even when providers want to be properly covered in their business, they cannot find comprehensive, affordable family child care liability insurance.

The issues around family child care liability insurance are not new. Providers have had trouble getting and keeping liability insurance on their business more for than twenty years. Highly publicized child abuse cases involving day care centers in the mid 1980's caused liability insurance for child care providers to almost vanish for several years. Providers have had to endure lack of availability, very high premiums, limited options for coverage, and cancellation without any notice or cause.

In addition, providers have had to also worry about having their homeowner or renter policy cancelled without notice or cause. The insurance companies writing the homeowner or renter insurance fear being named in a lawsuit stemming from the family child care business, sometimes even when the provider is also carrying commercial liability insurance.

WHY PROVIDERS SHOULD CARRY BUSINESS LIABILITY INSURANCE:

Starting and operating a business means taking a risk. You are financially vulnerable. When you carry business liability (and accident) insurance, you are sharing the risk. Taking care of other people's children in your home for compensation is a small business. You are an entrepreneur! Just as with any other business, you want to protect your income and your business. The cost of business liability insurance is a **deducible business expense.**

IMPORTANT FACT! The standard homeowner's policy <u>excludes</u> coverage for a family child care business in the home. Your homeowner insurance company is likely to cancel your policy if they have knowledge of the family child care business in your home.

FAMILY CHILD CARE PROVIDERS FACE UNIQUE RISKS AND FINANCIAL LOSS:

- o Providers could be expected to pay the doctor bills for a day care child injured in their home.
- o Providers could be liable for injuries to a day care child being transported in their automobile.
- o Providers might have to defend themselves in a lawsuit brought about by the parent-client of a day care child, even when the provider is not at fault.
- o Providers could be required to pay damages in a lawsuit.
- o Depending on the state, claims can be filed against the provider until the injured child reaches 18 or 21 years of age.

WHAT TO LOOK FOR IN A FAMILY CHILD CARE LIABILITY POLICY:

Most of us find the world of insurance complicated. We are intimated by the various options, kinds of coverage, insurance company ratings and the terminology in the policy. The following are things you should look for in a day care insurance policy:

- o Are you covered? Is your spouse? Is your assistant?
- o Are your own children covered?
- o In your absence, is a substitute provider covered?
- o If you rent your home, is your landlord covered?
- o How many day care children are covered?

- o Does it cover overnight care?
- o Does it cover field trips or other times when you and the children are away from your own home?
- o Are swimming pools and/or pets in the home covered?
- o Are the children and you adequately covered while being transported in your vehicle?
- o Are the children covered while waiting for the school bus? Or, walking to and from school?
- o Is there a deductible? If so, how much and what are the conditions?
- o Does it include coverage for accidents and medical cost?
- o Does the policy cover claims reported after the it expires, even after you are no longer in the family child care business? [See definition of occurrence vs. claims made policies below.]

Broad professional liability/negligent supervision liability coverage should include legal defense of allegations of sexual abuse, incidental malpractice, personal injury (protection against libel, slander, false arrest), alienation of affection, contractual liability, and products liability (preparing and serving food).

DIFFERENCE BETWEEN OCCURRENCE AND CLAIMS MADE POLICIES:

An **occurrence policy** is defined as coverage from harm suffered by others because of events occurring while a policy is in effect, regardless of when a claim is actually made. This type of policy, the most common form of child care liability insurance, is offered by most insurance companies. Provided the incident in question occurred during the contract term of the policy, a claim may be made even after the policy has lapsed. [CCAC, 92]

Although a business may purchase an occurrence policy and never change it, policies must be reviewed and updated on a regular basis to reflect changes in risk and to prevent the coverage from becoming outdated. For example, the $100,000 of coverage purchased and appropriate in 1975 might be totally inadequate for a claim filed in 1995. [CCAC, 92]

A **claims made policy** covers incidents that occur during the time the policy is in effect, like an occurrence policy. HOWEVER, UNLIKE AN OCCURRENCE POLICY, A CLAIMS MADE POLICY WILL ONLY COVER

CLAIMS THAT ARE ALSO **REPORTED DURING** THE POLICY TERM. If a provider is not insured with the insurance company when a law suit is actually filed, s/he will not have any protection. [CCAC, 92]

OTHER WAYS PROVIDERS CAN PREPARE FOR THE LIABILITY RISK:

Family child care providers can choose to prepare for the liability risk through **self-insurance**. This means the provider establishes a fund to be used in the event of a liability claim. To self-insure, a provider would need to establish funds of **at least $300,000** as a minimum. Insurance companies usually offer liability coverage up to as much as $1,000,000.

Another option is adding a day care business rider to the homeowner policy. This extends the liability coverage on that policy. Beware! Only a few insurance companies offer these riders. Premiums for the rider can be as low as $30 or as much as $170 [in addition to your homeowner policy costs]. However, homeowner policy riders have limitations. Common restrictions are:

- o No more than 3 - 6 children, depending upon the insurance company (not including the provider's own children).
- o Only covers activities in the home.
- o Excludes defense of mental, physical or sexual abuse claims.
- o Additional premium is NOT a business tax deduction.

IMPORTANT FACT! Waiver's and Hold Harmless Agreements signed by parents will not usually shield a provider from legal liability in the event of an accident or claim. Parents cannot legally sign away a child's right to liability.

FINDING AFFORDABLE FAMILY CHILD CARE LIABILITY INSURANCE:

Often, the only requirements a provider must meet to purchase commercial business liability insurance are that the provider meets state regulatory standards and the underwriting requirements of the insurance company. However, some companies could require a photograph of the premises and/or an inspection of the premises to ensure your program meets the insurance company's safety standards.

Providers can enhance their insurability by practicing risk management. Childproof the home, take CPR and first aid courses, avoid fire hazards and document fire drills, have operational fire extinguishers and smoke detectors, and cover electrical outlets.

The cost of liability insurance for your family child care business varies from company to company. It generally runs between \$200 and \$1,200 per year, depending on the limit of liability selected (\$300,000, \$500,000, \$1,000,000), the deductible amount (if there is one), the number of children being covered, and additional coverage such as your automobile.

Before selecting the policy that is right for your family child care business, request information from several insurance companies which offer this kind of insurance. The following companies offer family day care liability insurance:

Affiliated Family Daycare Homes, Inc.
Thomco Insurance Enterprises, Inc.
P.O. Box 723035
Atlanta, GA 31139
(404) 261-3811 [GA]
(800) 476-4940 [National]

Child Care Services System
Adults & Childrens Alliance
2885 Country Drive, Ste. 165
St. Paul, MN 55117
(612) 481-9320 [MN]
(800) 433-8108 [National]

IMC, Inc.
(Insurance Marketing Center)
14500 Burnhaven Drive, Ste. 135
Burnville, MN 55306
(612) 435-1606 [MN]
(800) 245-0023 [National]

National Care Providers Insurance, Inc.
DC Insurance Services, Inc.
1606 Ventura Blvd., Ste 500
Encino, CA 91436-1921
(818) 905-0311 [CA]
(800) 423-9733 [National]

North American Insurance Agency
Att: Brigitte Hasley
P.O. Box 5234
Englewood, CO 80155
(800) 748-3826

This list is by no means complete and other companies in your area may also offer liability insurance for your family child care business. Contact your local family child care association, child and adult care food program sponsor, child care resource and referral agency, or the insurance department in your state for information.

REFERENCES:

"Insurance Availability Improves Dramatically for Child Care Providers," Community Risk Management & Insurance, Vol. 2, No. 1, National Center for Community Risk Management & Insurance, Washington, DC (January 1993).

"Insurance Needs of Child Care Providers" [Linda Kirk Fox], Fact Sheet #8 in Achieving High Quality Child Care Series, Cooperative Extension Systems of University of Idaho and University of Nebraska, Moscow, ID (1993).

Insuring Your Future: Liability Insurance and Child Care, Child Care Action Campaign, New York, NY (1992)

"Liability Insurance and the Family Day Care Provider" [Brenda J. Cude], Cooperative Extension Services, University of Illinois at Urbana-Champaign, Urbana, IL (1993).

"Report of the Insurance Committee of NAFCC" [Kharon Hunter], 1331A Pennsylvania Avenue, NW, Ste. 348, Washington, DC 20004 (1993).

The Children's Foundation does not recommend or endorse one policy or one company more than another. The intent of this fact sheet is to provide general information to assist family child care providers in making an informed decision about their business insurance needs.

Compiled by: Sandra Gellert, Director
National Child Care Advocacy Program
September 1994
Updated: April 1996

States News Briefs -- July 11, 1997 Friday

NEW YORK : Disabled Fight Workfare
(ALBANY) -- Advocates for the disabled are urging Governor George Pataki not to force those who get welfare benefits into workfare. They site one case where a 50-year- old New York City woman was forced to work for her benefits... after she'd had two heart attacks and her doctor advised against it. The woman had a heart attack on the job and died.

CALIFORNIA: State Remains Budget-Less
(SACRAMENTO) -- California goes into its second weekend without a state budget and there's NO indication when the stalemate will come to an end. This is day number eleven with no state budget. This afternoon, the so-called Big Five, the governor and the four legislative leaders have scheduled another meeting over the overdue budget. But NO major breakthrough is expected in the main stumbling block to a new budget, welfare reform.

WISCONSIN : Worry Over Welfare Reform
(MADISON) -- Governor Tommy Thompson says he continues to worry about the impact of a stalled budget on the massive welfare reform program... slated to start in two months. The budget process has been held up by Democrats in the state Senate who can't agree on a plan to debate on the floor of the chamber. Thompson says the W-2 welfare reform program will be the first to feel the pinch if a budget isn't passed soon. Agencies received contracts for the new program last week... but those contracts can't be signed until a budget is passed.

FLORIDA : Post-Welfare Job Scene Chancy
(TAMPA) -- Welfare recipients dumped into the workforce by reform laws are facing an uncertain future in the Florida labor market. According to a new poll of chief executive officers... only 20-percent have hired former welfare clients and fewer than 40-percent plan to. Twenty-one percent of 300 C-E-O's polled by The Executive Committee of Florida say welfare applicants they have turned away do NOT qualify for open jobs. Twelve-percent had no jobs to offer... but 66-percent say they received no applications. The survey also finds that company executives are by and large unmotivated by incentives the state offers to companies that hire from welfare rolls.

Tim, Mary —
Is this a general problem
Or is it something peculiar
to Florida? Elena

THE ORLANDO SENTINEL -- July 11, 1997 Friday, METRO

CHILD-CARE PROVIDERS WON'T LOSE INSURANCE;
TOP STATE LEADERS ARE APPLYING PRESSURE TO PREVENT A HOME DAY-CARE CRISIS FOR LOW-INCOME PARENTS.
BYLINE: By Jeff Kunerth of The Sentinel Staff

Under pressure from top state officials, the state-owned insurance company backed off plans Thursday to deny homeowners policies in Florida to people providing day care in their homes.

The action is the first step in solving a crisis in day care for thousands of welfare and other low-income children in Florida.

Home-based child care is the state's main solution for welfare moms who are being pushed into the work force. Without such child care, these moms would have few day care alternatives and Florida's massive welfare reform effort would be stymied.

Senate President Toni Jennings, Gov. Lawton Chiles and Insurance Commissioner Bill Nelson became alarmed when they learned in The Orlando Sentinel Sunday that insurance companies - including the state's own underwriters - would not provide coverage to people providing day care in their homes.

Nelson told the state's insurance company, known as the Joint Underwriting Association, to come up with a solution.

Although the association's action Thursday is only a stop-gap measure, it does buy time while state lawmakers, welfare officials, child-care providers and the insurance industry devise a way to protect people providing child care in their homes.

The JUA's underwriting committee voted Thursday to delay for up to 60 days a rule that would reject homeowners insurance to people being paid to care for more than three children in their homes. The new policy was supposed to go into effect this Tuesday.

Committee members said they needed more time to solve a problem they didn't know existed until the Sentinel reported insurance companies were canceling homeowners policies at the same time the state was trying to increase the number of family child-care homes.

"This is an issue that has risen in seven days," said JUA Executive Director Jay Newman. "Seven days ago, I didn't know what a family child-care center was."

State law allows family child-care homes to have as many as 10 children. But Florida's top 20 insurance companies restrict family day care to three children in their policies, Newman said.

Those restrictions seriously jeopardize Florida's welfare-reform efforts to solve a shortage of infant, evening and weekend care. Thousands of poor children will be without affordable day care if the state can't expand the number of neighborhood-based child-care homes, said Larry Pintacuda, chief of child-care services for the Florida Department of Children and Families.

"We are making a major effort to recruit 1,000 new family child-care providers, and 1,000 every year for the next four years to try and keep up with welfare reform," Pintacuda told the committee.

Mary Tingiris, president of the Florida Family Child Care Home Association, estimated that as many as 75 percent of her 1,000 members had homeowners policies with the JUA that were jeopardized by the three-child limit.

The JUA, which provides "last-resort" insurance to 600,000 Florida property owners, is being pressed by Nelson's office to find a way to provide coverage to family child-care homes.

At the same time, the state's major insurance companies are being urged by Jennings, R-Orlando, to reconcile their three-child policy limits with state standards for in-home child care. Jennings was instrumental in the passage of welfare reform last year.

"We have been asked by the Senate Banking and Insurance Committee to determine what coverage is offered out there, where there's a gap, and determine what to do to fill in the gaps," said Sam Miller of the Florida Insurance Council.

Chiles is also pushing the insurance companies to provide homeowners insurance to family child-care homes.

One solution discussed by the JUA committee would be to issue policies only to registered and licensed family child-care homes that have separate liability insurance policies. There are about 7,600 licensed and registered family child-care homes in Florida, Pintacuda said, but state law does not require them to carry liability insurance.

Committee members expressed concern that even with separate liability policies, the JUA could be included in liability lawsuits. The JUA is being sued by parents who are accusing a child-care provider of shaking their baby so badly that the child became brain-damaged, said Ron Bartlett, JUA spokesman.

Pintacuda said he hoped the Legislature would pass a law that would solve the problem during a planned special session later this year. Minnesota passed a law last year that protected both the homeowners insurance companies and the family child-care providers from lawsuits.

MEMORANDUM

TO: TOM FREEDMAN, MARY L. SMITH

FROM: DREW HANSEN

RE: CHILD CARE FACILITIES LOAN FUND

DATE: JULY 9, 1997

SUMMARY

In 1986, the Massachusetts Industrial Finance Agency (MIFA), a quasi-public organization (although it receives no state funding) that was founded in 1978 to stimulate private investment and job creation through a variety of financing incentives for growing businesses and institutions, established a Child Care Facilities Loan Fund to provide low-interest loans to corporations to build their own child care facilities. At the time, the Fund was an outgrowth of Governor Dukakis' Day Care Partnership Initiative, a program began in 1985 to create a model day-care system in cooperation with schools, businesses, and local government.

PROBLEM

The Child Care Facilities Loan Fund was established to address two related problems:

1. Need for child care for the children of all working mothers. In 1987, 50% of Massachusetts mothers of children under 6 were employed, and 70% of Massachusetts mothers of all school-age children were employed.

2. Need for child care for the children of mothers who have recently left welfare. The Massachusetts Employment and Training Program (ET) provides job training and placement to former welfare recipients. In order to enable former welfare recipients to work, ET subsidizes the child care costs of program participants so that the participant pays $1/day in child care costs while the program pays the remaining $24/day.

STRUCTURE

The Child Care Facilities Loan Fund provides low-interest loans of up to $250,000 to businesses to build on-site child care facilities for their employees. The loans are structured like mortgages with a 5-year maturity.

Between 1986 and 1988, the original $750,000 capitalization was committed to six projects, including a $30,000 loan to Greico Brothers, a men's clothing manufacturer, to create an on-site child care center, a $20,000 loan to Logan International Airport for the construction of a 20-child center, and a $250,000 loan to Ramco Fabrics for the construction of a 125-child center. The Fund also supported child care facilities for Central Massachusetts Job Training (a nonprofit corporation), New England Baptist Hospital in Boston, and Barrington Bear Care in Pittsfield. In response to these commitments, MIFA added another $750,000 to the Fund in 1988.

EFFECTIVENESS

The financial details for the construction of the Greico Brothers child care facility reveal that the Fund's loan was a minor though important component of the financing for the facility: $50,000 of the facility's financing was provided by Greico Brothers itself, $20,000 by a nearby mill, $20,000 by non-profit foundations, $10,000 by the Lawrence City Council, and $21,000 by the employees themselves through their union. The Dukakis administration agreed to subsidize low- and moderate-income parents' fees totaling $298,297 per year. The $30,000 loan from the Fund put the project "over the top", according to the company's vice president for manufacturing. In 1988, the Congressional Caucus for Women's Issues cited Greico Brothers as one of 43 U.S. companies that has combined management capital and employee contributions to aid workers with child care needs.

The Logan Airport center was completed in 1988, with the financial backing of American International Rent A Car, a tenant of the building where the center is located. About half of the center's original clientele came from mothers who were participating in the ET program.

In 1995, MIFA merged with the Massachusetts Government Land Bank to form the Massachusetts Development Finance Agency. After the merger, they have moved away from financing child care centers because of pressure on resources in other areas.

MEMORANDUM

TO: JENNIFER KLEIN

FROM: TOM FREEDMAN
MARY L. SMITH
DREW HANSEN

RE: CHILD CARE FINANCING

DATE: JULY 29, 1997

SUMMARY

Obtaining financing for the construction and maintenance of child care facilities as well as for the salaries of staff and for the fees of low-income parents is a pervasive difficulty of child care providers nationwide. The following is a summary of some innovative approaches to financing child care.

1. FINANCING THROUGH AMERICORPS

Americorps members currently work in child care, Head Start, and other early learning programs. The Home Instruction Program for Preschool Youngsters (HIPPY) of Colorado employs Americorps workers as mentors and assistants to parents involved in teaching their young children. Expansion of child care volunteerism is possible under America Reads.

2. CORPORATE PROGRAMS

Many corporations provide on-site or near-site child care for their employees. *Working Mother* recently listed 100 "family friendly" companies, of which 76 provided on-site or near-site child care. Some examples:

- Nations Bank has spent $25 million assisting its 65,000 employees in their child care needs. Nations Bank subsidizes child care expenses for its employees, and encourages them to choose high-quality care by subsidizing licensed providers at a higher rate than non-licensed providers.

- Neuville Industries, a hosiery manufacturer located in Hildebran, NC, has an on-site child care center serving 79 children for its 600-employee workforce. Parents pay 60% of the cost of care and Neuville subsidizes the remaining cost and gives employees 21-26 days of free child care per year, based on seniority. Neuville also subsidizes near-site care for employees working evening shifts.

3. PARTNERSHIPS WITH MILITARY PROGRAMS

The military child care system is known for high quality standards, strong enforcement and oversight, relatively generous wages for providers, support for home care providers, and funding to make quality child care affordable.

In 1997, President Clinton issued an executive memorandum to the Secretary of Defense, directing him to use the Department's expertise to improve child care in communities across the nation through 1.) creating partnerships with civilian child care centers, 2.) providing training courses for civilian child care providers, 3.) sharing the technical expertise of the military centers (in design, financing, etc.), 4.) working with States and local governments to enable military child care facilities to be used as training locations for welfare recipients moving from welfare to work.

4. PUBLIC-PRIVATE PARTNERSHIPS

Early Childhood Investment Fund (New York)

- Supports public/private partnerships statewide to improve child care delivery. Provides planning grants of up to $10,000 to develop solutions to community child care needs, direct-service grants to start or expand child care facilities, (which can be used to subsidize parents' fees), and grants to increase the quality of existing child care.

- Founded in 1992 with $100,000 from New York State and $50,000 each from the American Express Foundation and the Traveler's Foundation.

- Communities required to match funds at a 2/1 rate, low-income communities match at 1/1 rate. Most programs have exceeded this requirement and matched at 3/1.

- In first three years, the program has made 18 planning grants and 22 direct service grants, totalling $522,052 and leveraging $1,577,273 in matching funds.

- Similar programs exist in California (Child Care Initiative), Maine (Child Care Development Project), Mississippi (Child Care Campaign), Oregon (Child Development Fund), and Charlotte, NC (Corporate Champions).

Smart Start (North Carolina)

- Gives grants to leverage other funds for a broad variety of child care needs. Many counties use the grants to decrease the waiting lists for subsidized child care or to increase the income eligibility levels and provider reimbursement rates for existing child care.

- Proposed in 1993, in 1995-1996 had $57 million in funds, raised $9.5 million in corporate matching funds, and had local matching funds/in-kind donations totalling $4.8 million.

Teacher Education and Compensation Helps (T.E.A.C.H.) (North Carolina)

- Provides educational scholarships for child care teachers, center directors, and family child care providers.

- Piloted in 1990; by 1995 there were 2,000 providers in the program. Used between $850,000 and $1 million in federal funds for each of the last three years.

- Similar programs exist in Georgia, Florida, and Illinois.

Rochester/Monroe County Early Childhood Development Initiative (New York)

- Supports a broad variety of child care initiatives, including start-up costs for new facilities, accreditation, and staff development.

- Started in 1990. Total funds are $74 million, with $6 million from the federal government (including Head Start funds), $20 million from state and county, $6.4 million from school districts, $2 million from city child care funds, $4 million from the Rochester United Way, $2 million from the Diocese of Rochester, $400,000 from foundations, and an estimated $35 million in parent fees.

- Similar programs exist as the United Way/Oregon Community Foundation and the Charlotte-Mecklenburg Children's Services Network (North Carolina).

5. PUBLIC FINANCING -- GRANTS

General Obligation Bonds (Minnesota)

- The government sells bonds and uses the proceeds to support one-time capital improvement costs, then allocates a portion of tax revenue to pay the debt (the same process is used for financing prison expansion and public utilities). This money funds grants to public agencies (school districts, cities) to build or renovate early childhood education facilities.

- Allocations of about $2 million in 1992, 1994, and 1996.

Tax-Exempt Bonds (Illinois)

- The Illinois Facilities Fund borrows funds through tax-exempt bonds and has used the funds to construct five child care centers and renovate two.

- The Fund has borrowed $13 million since 1992. Providers had to raise 10% of construction costs. Providers have attracted $24 million in other funding.

Child Care Center Start-up and Health and Safety Grant Programs (New York)

- Provides pre-development planning grants of $75,000/project, child care center start-up and expansion grants of $100,000 for a full-day center and $25,000 for a part day center, and health and safety grants of $10,000 for an existing center.

- Since 1984, it has provided $750,000 in planning grants, $1.8 million in start-up grants, and $900,000 in health and safety grants.

- Similar programs exist in about 21 states.

Family Child Care Start-up and Health and Safety Grant Program (New York)

- Provides grants of up to $500/home for child care facilities caring for up to 8 kids and group facilities caring for up to 14 kids.

- Established in 1987, in 1996 had a $2.6 million budget.

6. PUBLIC FINANCING -- LOANS

State Loan Guarantee Program (Maryland)

- Assists day care centers (for children and the elderly) in obtaining loans by guaranteeing up to 80% of a loan. Has guaranteed loans from $15,000 to $1.6 million.

- Established in 1984 with a $750,000 appropriation, now can guarantee up to $6.2 million in loans.

- Similar programs exist in Arkansas, California, North Carolina, and Tennessee. In New York, the state mortgage agency guarantees loans through the Chase Community Development Corporation.

Child Care Facilities Direct Loan Program (Maryland)

- Makes loans at or below the prime lending rate on a 20yr. repayment schedule for up to 50% of the cost of building or renovating a child care facility.

- Established in 1988 with $1.75 million, now has $1.8 million. Makes loans from $35,000 to $350,000; average loan is $200,000.

- Similar programs exist in Virginia, and under generic "business development" headings in New York and North Carolina.

Small Child Care Revolving Loan Fund (Maryland)

- Makes small ($1,000 to $10,000), short-term loans for minor renovations..

- Established in 1992, was allocated Child Care Development Block Grant funding of $62,000 in FY '95-'96, down from $125,000 in FY '94.

- Similar programs exist in Virginia. North Carolina and Maine allocate resources for the same purposes to community-based organizations.

Community Development Financing (North Carolina)

- The Center for Community Self-Help takes money from deposits to their credit union and makes grants for capital financing and program-related investments (zero- or low-interest loans, etc.)

- The Center was established in 1980 and began targeted child care in 1993, it has loaned $3.5 million for child care facilities to date, ranging from $500 to family child care providers to $850,000 to build a new child care facility.

- Similar programs exist in many states with "community development" organizations.

Community Development Finance Fund Linked Deposits (Ohio)

- Deposits funds in conventional lending institutions to encourage banks to loan at a reduced rate to a specific borrower (i.e. a child care provider). The same strategy has been used in providing funds for low-income housing.

- By July, 1995 had obtained loans of $3 million.

- Also helps with technical assistance, funding child care "micro-enterprises", and providing "gap financing" to cover the gap between a mortgage and the total cost of construction or renovation of a facility.

Commercial Lender Public-Sector Partnership (D.C.)

- The Center for Policy Alternatives encouraged 20 banks in the D.C. area to pool resources to develop child care loans. Loans are in three categories: "mini" micro-loans (up to $1,500) for family child care, micro-loans (up to $25,000) for non-profit child care organizations, and real estate mortgage lending of up to $1 million for major renovation or construction.

- Banks contributed $350,000 for the "mini" loans and $2 million for the larger loans. D.C. guaranteed the "mini" loans with $75,000 of Child Care Development Block Grant funding. Banks donated $70,000 for administration costs, and D.C. donated $75,000 of CCDBG money for technical assistance and training.

- Began in May, 1995, and "mini" micro-loans were available in 1996. The other loans are still in the planning stages.

- Similar programs exist in Ohio and Portland, Oregon.

MEMORANDUM

TO: TOM FREEDMAN, MARY L. SMITH

FROM: DREW HANSEN

RE: CHILD CARE FINANCING

DATE: JULY 15, 1997

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5. PUBLIC FINANCING -- GRANTS

General Obligation Bonds (Minnesota)

- The government sells bonds and uses the proceeds to support one-time capital improvement costs, then allocates a portion of tax revenue to pay the debt (the same process is used for financing prison expansion and public utilities). This money funds grants to public agencies (school districts, cities) to build or renovate early childhood education facilities.

- Allocations of about $2 million in 1992, 1994, and 1996.

Tax-Exempt Bonds (Illinois)

- The Illinois Facilities Fund borrows funds through tax-exempt bonds and uses the funds to construct five child care centers and renovate two.

- The Fund has borrowed $13 million since 1992, and providers had to raise 10% of construction costs. Providers have attracted $24 million in other funding.

Child Care Center Start-up and Health and Safety Grant Programs (New York)

- Provides pre-development planning grants of $75,000/project, child care center start-up and expansion grants of $100,000 for a full-day center and $25,000 for a part day center, and health and safety grants of $10,000 for an existing center.

- Since 1984, it has provided $750,000 in planning grants, $1.8 million in start-up grants, and $900,000 in health and safety grants.

- Similar programs exist in about 21 states.

Family Child Care Start-up and Health and Safety Grant Program (New York)

- Provides grants of up to $500/home for child care facilities caring for up to 8 kids and group facilities caring for up to 14 kids.

- Established in 1987, in 1996 had a $2.6 million budget.

6. PUBLIC FINANCING -- LOANS

State Loan Guarantee Program (Maryland)

- Assists day care centers (for children and the elderly) in obtaining loans by guaranteeing up to 80% of a loan. Has guaranteed loans from $15,000 to $1.6 million.

- Established in 1984 with a $750,000 appropriation, now can guarantee up to $6.2 million in loans.

- Similar programs exist in Arkansas, California, North Carolina, and Tennessee. In New York, the state mortgage agency guarantees loans through the Chase Community Development Corporation.

Child Care Facilities Direct Loan Program (Maryland)

- Makes loans at or below the prime lending rate on a 20yr. repayment schedule for up to 50% of the cost of building or renovating a child care facility.

- Established in 1988 with $1.75 million, now has $1.8 million. Makes loans from $35,000 to $350,000; average loan is $200,000.

- Similar programs exist in Virginia, and under generic "business development" headings in New York and North Carolina.

Small Child Care Revolving Loan Fund (Maryland)

- Makes small ($1,000 to $10,000), short-term loans for minor renovations..

- Established in 1992, was allocated Child Care Development Block Grant funding of $62,000 in FY '95-'96, down from $125,000 in FY '94.

- Similar programs exist in Virginia. North Carolina and Maine allocate resources for the same purposes to community-based organizations.

Community Development Financing (North Carolina)

- The Center for Community Self-Help takes money from deposits to their credit union and makes grants for capital financing and program-related investments (zero- or low-interest loans, etc.)

- The Center was established in 1980 and began targeted child care in 1993, it has loaned $3.5 million for child care facilities to date, ranging from $500 to family child care providers to $850,000 to build a new child care facility.

- Similar programs exist in many states with "community development" organizations.

Community Development Finance Fund Linked Deposits (Ohio)

- Deposits funds in conventional lending institutions to encourage banks to loan at a reduced rate to a specific borrower (i.e. a child care provider). The same strategy has been used in providing funds for low-income housing.

- By July, 1995 had obtained loans of $3 million.

- Also helps with technical assistance, funding child care "micro-enterprises", and providing "gap financing" to cover the gap between a mortgage and the total cost of construction or renovation of a facility.

Commercial Lender Public-Sector Partnership (D.C.)

- The Center for Policy Alternatives encouraged 20 banks in the D.C. area to pool resources to develop child care loans. Loans are in three categories: "mini" micro-loans (up to $1,500) for family child care, micro-loans (up to $25,000) for non-profit child care organizations, and real estate mortgage lending of up to $1 million for major renovation or construction.

- Banks contributed $350,000 for the "mini" loans and $2 million for the larger loans. D.C. guaranteed the "mini" loans with $75,000 of Child Care Development Block Grant funding. Banks donated $70,000 for administration costs, and D.C. donated $75,000 of CCDBG money for technical assistance and training.

- Began in May, 1995 and "mini" micro-loans were available in 1996. The other loans are still in the planning stages.

- Similar programs exist in Ohio and Portland, Oregon.

[Graphic version]

President Clinton Asks the Defense Department To Share Expertise from the Military Child Care System

We now know that children's earliest experiences, including those in child care, have significant effects on learning and development. I believe we all have a role to play in making sure that all of our children have a strong and healthy start in life.

--President Bill Clinton, 4/17/97

At the White House Conference on Early Childhood Development and Learning, the President urged the Secretary of the Department of Defense to use the military's expertise to improve child care across the nation.

Building on Success: Learning from the Military.

Child care experts believe that the military child care system is now the best in the country. Military child care programs serve the families of men and women in the United States armed forces and the civilian employees of the Department of Defense. In developing its child care system, the Department of Defense has learned how to make a difference in the day to day lives of children. The military child care system is noted for: (1) high quality standards, including a high percentage of accredited centers; (2) a strong enforcement and oversight system with four annual unannounced inspections and a 1-800 hot line for parents to report concerns; (3) mandatory training for child care providers; (4) relatively generous wages and benefits tied to continued training and education; (5) a system of linking up and providing needed support to individual home care providers; and (6) sufficient funding to make quality child care affordable.

Leading the Nation in Child Care Accreditation.

Most notably, the Defense Department today leads the nation in achieving child care accreditation: 72% of all of its child care programs have been accredited, compared to 5% nationally. Most of the Department's success in meeting accreditation standards has come recently. the National Association for the Education of Young Children has accredited 337 of military child care facilities today, as compared to 55 in 1992.

A Challenge to the Defense Department.

The President issued an executive memorandum to the Secretary of Defense, directing him to use the Department's expertise to improve child care in communities across the nation. The memorandum urges the Department to consider: (1) creating partnerships with civilian child care centers in the community to help them improve quality; (2) providing training courses for civilian child care providers; (3) sharing the materials and models used by the military for worker training, accreditation and evaluation, facility design, financing and other ingredients of their success; and (4) working with States and local governments to enable military child care facilities to serve as training locations for welfare recipients moving from welfare to work.

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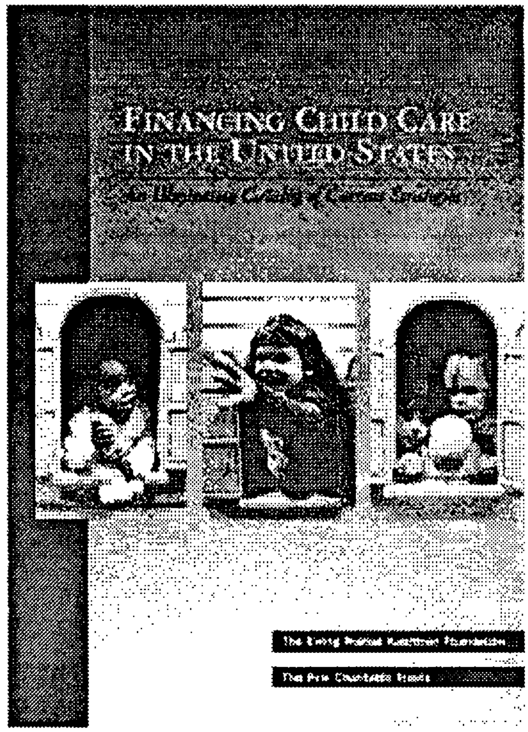

The Child Care Financing Challenge

Summary: **Go to full text version**

Finding new sources of financing for the country's burgeoning child care system has become an increasingly critical concern in the U.S. over the past several years as more and more parents have entered the workforce and are seeking help with caring for their children.

Families now pay the lion's share of child care costs (60%), with government (federal, state and local) paying most of the balance, and the private sector (business and philanthropy) contributing less than 1%. In contrast, families pay only about 23% of the cost of a public college education, with government and the private sector paying the rest.

Solving the "child care financing quandary" will require a higher level of investment by sources other than families--the parents' employers and governments, who are also potential beneficiaries of a successful child care system.

Although the federal government is considered the most likely source of increased funding for child care, there are other innovative public, private and mixed-use financing sources that warrant the careful consideration of advocates and policy makers. Many of these sources are examined in this catalog.

Exploring New Strategies for Increasing Child Care Funding

The catalog is divided into five sections, each section examining a different strategy for generating new revenues or increasing current revenues in support of child care:

- generating new public revenue
- allocating existing public general revenue
- financing in the private sector
- financing through public-private partnerships
- financing child care facilities

Each section includes an introduction, which provides an overview and explanation of the particular financing strategy. The introductions are followed by a series of profiles, each highlighting a specific initiative currently in use or soon to be implemented.

Each project profile provides the following information:

- A description of the financing strategy, when the project was initiated, the amount of funding it generates, how funds are distributed, what services are funded and who is eligible for them

them.

- A "Strategic Considerations" section containing an analysis of the pros and cons of the strategy and the lessons learned from the perspective of the participants. Also included are the historical, political and economic factors that contributed to the success of a particular approach.
- A listing of other projects using similar financing strategies is included with contact names.

Catalog Highlights

Generating New Public Revenue

Federal, state and local governments raise money through taxes and fees, including property taxes, income tax checkoffs and credits, corporate taxes, and lotteries and gambling. The catalog features numerous examples of how government taxes and fees are being used to generate increased revenues for child care.

- Seattle raised its property tax and earmarked the increase for child care.
- Colorado offers a tax checkoff option for child care and tax credits to individuals as well as businesses.
- Minnesota offers an income tax credit that specifically benefits lower-income families.
- Georgia and Florida use lotteries to fund their prekindergarten programs.

Allocating Existing Public General Revenues

Although public financing of child care services has historically come from the federal government, more and more, states and communities are assuming this role. States that decide to make child care a priority and to increase the proportion of general revenue allocated for this purpose often link their decision to a particular rationale or trend to help them garner public support. Several examples of this approach are featured in the catalog.

- Texas has linked its increased allocation for child care to the need for school readiness.
- Hawaii allocates its public school facilities--and a portion of the school budget--to support school-based child care programs.
- Wisconsin has made child care an important component of its welfare-to-work initiative called W-2.

Financing Child Care in the Private Sector

Increasingly, the private sector is stepping in to respond to the child care needs of employees. Featured in the catalog are several innovative approaches being used by businesses and by states to increase business commitment to child care.

- Con Agra pays a portion of the weekly cost of child care for each of its employees.
- Florida has recently enacted an initiative that will offer matching state funds to businesses employing low-wage workers and paying a portion of child care costs for their employees.

Financing Child Care through Public-Private Partnerships

New public-private partnerships have been developed to help families gain access to child care and improve its overall quality. Selected models using multiple funding sources are presented in this catalog.

- The T.E.A.C.H. Early Childhood project, started in North Carolina and now in Georgia, Florida and Illinois as well, is leveraging funds from a variety of sectors to support educational scholarships and wage increases for child care practitioners.

- North Carolina's Smart Start program leverages state funds with community resources to foster community-based and community-planned early childhood programs.

Financing Child Care Facilities

Facilities financing spans public, private and mixed revenue mechanisms and must be tailored to the unique strengths and needs of each child care program and the financial resources available in its specific community or state. Child care businesses, especially nonprofit programs located in low-income neighborhoods, often have trouble securing loans. Different approaches to resolving this problem are presented in the catalog.

- Minnesota has a bond program to support the building of child care facilities.
- Maryland offers a loan guarantee program to help child care centers secure loans.

To order a copy of the 130-page *Financing Child Care in the United States: An Illustrative Catalog of Current Strategies*, please fill out a publication request.

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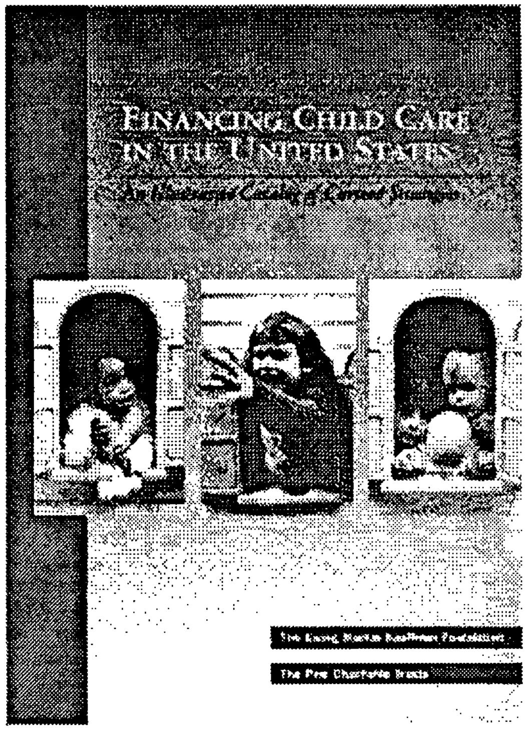

The Child Care Financing Challenge

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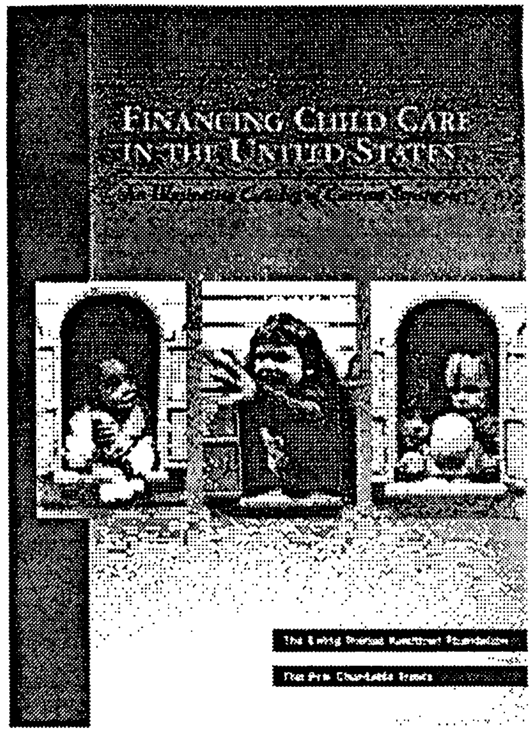

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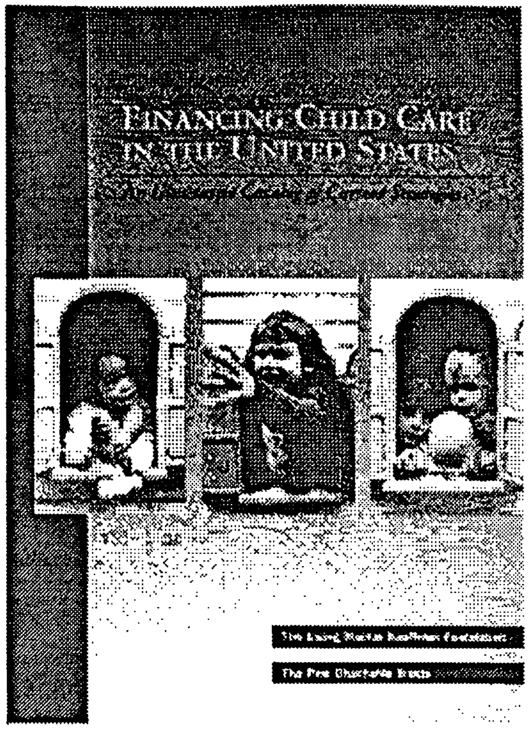

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LEVEL 1 - 6 OF 49 STORIES

PR Newswire

June 24, 1993, Thursday

SECTION: Washington Dateline

DISTRIBUTION: TO NATIONAL, BUSINESS AND URBAN AFFAIRS EDITORS

LENGTH: 421 words

HEADLINE: THE CHILD CARE CREDIT CRUNCH: CHILD CARE PROVIDERS AND BANKS NOT WORKING TOGETHER, SURVEY SHOWS

DATELINE: WASHINGTON, June 24

BODY:

While the nation continues to suffer from a dearth of affordable child care, the Center for Policy Alternatives has released a survey showing that banks and child care providers are not working together to meet the nation's child care credit needs.

"The child care credit crunch is a real problem for working families -- millions of children don't get proper care because of the lack of child care facilities," said Linda Tarr-Whelan, president/executive director of the center. "Our survey found that child care providers' priority need is for financing to expand and renovate facilities, but that these needs are not being met. One, because there is a lack of communication between referral agencies, banks and providers. And, two, because banks are often discouraging to providers seeking loans."

Responses from 170 child care resource and referral agencies showed that:

-- Only 16 percent of the referral agencies knew of financing opportunities which were available from banks for child care facility development.

-- Forty-five percent of referral agencies reported that providers in their networks had not approached lenders.

-- Of the 49 referral agencies making an estimate, 44 percent estimated that the success rate of child care providers seeking loans is less than 5 percent.

Reasons given in the survey for the low success rate in obtaining loans were that banks often turn away applicants because child care is not seen as a legitimate business enterprise ("Banks see child care providers as babysitters")

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and because child care businesses often do not meet the banks' traditional collateral and cash flow requirements.

The survey also found a lack of understanding about the potential use of the Community Reinvestment Act (CRA). Eighty-two percent of referral agencies were not familiar with the legislation and how it could encourage **loans** for **child care facilities.** "Not enough attention is given to the fact that banks can meet CRA goals by lending to child care providers. This is especially important at a time when the Clinton administration is moving towards CRA evaluations based on more specific performance results," said Rich Ferlauto, program manager at the center.

For more information about the Child Care Credit Crunch Survey, the Community Reinvestment Act or model policy for child care lending, contact Ed Field or Rich Ferlauto at 202-387-6030. CONTACT: Ed Field or Rich Ferlauto of the Center for Policy Alternatives, 202-387-6030

LANGUAGE: ENGLISH

LOAD-DATE: June 25, 1993

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Corporate Commitment to Child Care Pays Off
by Sarah Fishman

Child Care Bulletin November/December 1995, Issue 6

During the 1970's, American corporations began to offer child care assistance to employees. The experience of business leaders has shown that providing employees with child care assistance can reduce worker turnover, decrease absenteeism, shorten periods of maternity leave, lift morale, and improve productivity. Employee surveys often rank family-friendly benefits as second only to salaries as reasons for remaining with a particular company.

Corporate commitment to child care can take many forms, as illustrated by the following examples.

NationsBank,

Charlotte, North Carolina, has invested $25 million to provide child care benefits to 65,000 employees. Child Care Plus, a subsidy program, is one of the benefits offered. Qualifying employees must work at least 60 consecutive days, 20 hours or more per week, and earn below a given salary level.

The company also offers an incentive for families to choose higher quality care by reimbursing care expenses for a licensed facility at a higher rate than for legally operated licensed-exempt care.

NationsBank has seen positive results with the subsidy program. The turnover rate among employees using the program is less than half of that for others in the same job categories. In a survey conducted by Work/Family Directions, Inc., 62% of the respondents said that the program affected their decision to remain at the bank.

Neuville Industries,

a hosiery manufacturer located in Hildebran, North Carolina, has a workforce of more than 600 employees. The company has an on-site center serving 79 children, ages six weeks to five years. To ensure high quality care, the center operates below its licensed capacity of 108 children and maintains lower staff/child ratios than the state requires. As needed, the center opens on Saturdays for employees on weekend shifts.

Parents pay about 60% of the cost of care, and Neuville Industries subsidizes the remaining cost. Employees receive 21-26 days of free child care per year, based on seniority. The company also subsidizes near-site care for employees working evening shifts.

Providing for child care is one of the reasons that Neuville Industries maintains a notably low employee turnover rate of about 34%, compared with the industry average of 80-100%.

Marriott Corporation,

the hospitality and lodging corporation with headquarters in Bethesda, Maryland, employs more than 175,000 people worldwide. Two of its hotels have formed a partnership with the Omni Hotel at CNN Center and the Hyatt Regency in Atlanta. They have established a non-profit organization and broken ground for a 24-hour child care center. This center will meet the needs of 1,000 hourly wage shift workers. In addition, other businesses, the city of Atlanta, along with Fulton County, and community organizations, joined in the effort. Project support comes from Child Care and

Development Block Grant funds, through the Georgia Child Care Council.

Marriott also operates a 24-hour telephone referral service to assist employees with a variety of work and family issues. Since more than 26 different languages are spoken throughout the corporation, social workers speak the predominate languages of workers in a given area.

For more information about the three corporations highlighted in this article, contact the following persons:

NationsBank: Kim Hains, (704) 386-5175

Neuville Industries: Chris Gates, (704) 397-5566

Marriott Corporation: Donna Klein, (301) 380-8850.

Sarah Fishman, formerly a Program Specialist with ACF Region I, is active in the Boston area child care community.

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Child Care Options for Employers

Child Care Bulletin November/December 1995, Issue 6

Sponsor near or on-site child care center(s)

A center can be owned or operated by the company, owned by the company and managed by a third party, or owned and operated by a subcontractor or grantee. The center is primarily for the employees of the sponsoring company.

Support a local child care center

Through a grant or contract, a local child care center can accept funds from a company or a group of companies (as in a consortium arrangement) in exchange for priority enrollment/reduced fees for employees of the contributing company.

Create or support a family child care network

Provide funds to a body representing a group of family child care homes who will provide slots to employees' children. This is particularly helpful to firms whose employees work evenings or weekends, or who have infants.

Create or support after-school care

An employer can help start a program in the community or schools to serve the needs of 6 - 13 year olds before and after-school.

Create or support a vacation/holiday program

Make a program available that serves children when school is out, including summer vacations.

Create or support back-up or emergency care

Make a program available that serves children when their regular care arrangements have fallen through or when there is an emergency.

Create or support a sick child care program

Make a program available for mildly-ill children, either as part of an existing child care center, a hospital, a free-standing program near work or in the community, or as an in-home program where qualified people are sent into the child's home.

Offer resource and referral services

Educate employees about their child care choices in the community and provide referrals to programs with openings.

Parenting seminars

Organize informational meetings on parenting issues and child care concerns.

Caregiver fairs

Arrange for local service providers to distribute information about their programs.

Vouchers The employer pays for a portion of child care expenses.

Discounts

The employer arranges for employees to be charged a reduced rate at programs of the employer's choosing.

Dependent Care Assistance Plans (DCAPs)

A mechanism that allows for employees to pay for their child care with pre-tax dollars. There is a savings to the employer, although the subsidy is actually paid for by the government.

Corporate Funds

A corporate set-aside for making grants to local organizations that agree to provide access to employees. These are not philanthropic dollars.

Corporate Contributions

Grants to local organizations to generally improve the supply or quality of child care at the local, state, or national level.

In-kind contributions

With the donation of equipment, supplies, or expertise from the company, local child care services can receive much-needed support.

Public education

The use of corporate clout can help bring attention to important child care issues. Employer representatives can serve on community-wide task forces, testify at hearings, and publicize child care issues at professional meetings.

Developed by the Families and Work Institute, 330 Seventh Avenue, 14th Floor, New York, NY 10001, (212) 465-2044.

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American Business Collaboration Leads Corporate Support

by Randall Wong

Child Care Bulletin **November/December 1995, Issue 6**

"We believe that supporting the diverse dependent care needs of our employees is critical to our success as it enables our companies to attract and retain a productive, competitive, committed and motivated workforce. The availability of quality dependent care programs...enables our employees to do their best at work by helping them manage their work and personal responsibilities."

(In a statement signed by the CEOs of: Aetna Life & Casualty, Allstate Insurance, American Express, Amoco, AT&T, Bank of America, Chevron, Citibank, Deloitte & Touche LLP, Eastman Kodak, Exxon, GE Capital Services, Hewlett-Packard, IBM, Johnson & Johnson, Mobil, NYNEX, Price Waterhouse LLP, Texaco, Texas Instruments, and Xerox.)

The American Business Collaboration for Quality Dependent Care (ABC) is a national effort which was launched three years ago by major corporations to increase the supply and enhance the quality of child and elder care programs across the country.

During the first phase of this effort, 156 businesses, governmental entities, and not-for-profit organizations invested more than $27 million in 45 communities throughout 25 states and the District of Columbia. They have supported 355 dependent care projects which have been utilized by more than 277,000 individuals, including the dependents of employees and community residents.

The second phase of this effort began in September, 1995. In a powerful declaration of support for their employees, 21 major corporations have announced their joint commitment to a $100 million initiative to develop and strengthen school-age, child care, and elder care projects in communities throughout the country. This initiative is believed to be the largest investment ever in dependent care by the private sector.

The companies are expected to take the lead in funding more than 1,000 projects over the next six years in a major collaborative effort that includes support for research and development for national pilot programs. The focus will be on investing in programs that are innovative and replicable.

Ellen Galinsky, Co-president of the non-profit Families and Work Institute, said the scope of the additional funding will have a "dramatic impact on the dependent care community, and called the initiative "a sound investment" for the participating companies. "Our studies clearly demonstrate that for every dollar companies spend on work-life programs, they get back a return in terms of retention, reduced stress, and greater loyalty," she said. Chief executive officers of the ABC lead companies have stated that their support for dependent care was based on bottom line business factors.

Mary Kay Leonard, vice president for Work/Family Directions, the Boston-based consulting firm which facilitates the collaborative process, said that in the next phase of this effort there will be a greater emphasis on quality improvement, increased focus on developing services that meet the specific needs of working parents such as extended hours for child care programs, and a sharp increase in projects that are specifically designed for school-age children.

At a White House ceremony on October 31, First Lady Hillary Rodham Clinton and Labor Secretary Robert Reich met with senior executives from 20 lead companies of the American Business Collaboration, as well as families of their employees, along with other business leaders from across the nation to urge employers, organizations, and individuals to join the *Working Women Count Honor Roll* (see related article). Encouraging every employer in the country to adopt policies that help workers balance their family and work responsibilities, the First Lady and Reich discussed employer commitment and support with families who benefit from family-friendly policies.

Among the families who met with officials at the White House was Susan O'Neil, administrative assistant at Deloitte & Touche, in Boston, along with three-year-old daughter, Stephanie. Speaking of her employer, Ms. O'Neil stated, "They give me the chance to make my balancing act a reality. Although I still work eight hours per day, I have the flexibility to do it in a time span that meets my family's needs." Her employer has a resource and referral service and a Dependent Care Flexible Spending Plan that lets her put aside part of her pay before taxes to spend on child care. "We ask you the government, and you the employer, to help us, the working people, to make it work. We can't do it alone. The bottom line is we need to put stock in families, we need to invest in families to help make this country a great, safe and healthy place to live and work."

To learn more about ABC, contact Randy Wong, Work/Family Directions, Inc., (800) 767-9863.

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Spotlight on...

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DuPont Corporation:

A survey of 18,000 employees at DuPont Corporation documents the correlation between employee commitment and the company s efforts to support employees in balancing work and family responsibilities. This information, combined with two previous DuPont studies, provides a decade of work/life data. The results of the study clearly indicate that work/life programs are a powerful tool to motivate people and encourage commitment to achieving business objectives, said John A. Krol, Dupont President and CEO-designate. Listed below are some of the findings:

- Employees using work/life programs are more committed, and not likely to feel overwhelmed or burned out.
- Employee programs have reduced the number of workers who report problems finding affordable care, care for sick children or care during business travel or overtime.

For more information about the DuPont study, contact Heidi Rowann at: (302) 774-0863.

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Honor Roll Companies Take the Lead

by Lauren Asher

***Child Care Bulletin* November/December 1995, Issue 6**

The Women's Bureau of the U.S. Department of Labor has launched the *Working Women Count Honor Roll,* a nationwide initiative to improve the lives of working families. The *Honor Roll* encourages employers, organizations, and individuals to implement policies and programs in three areas: improving pay and benefits, building a family friendly workplace, and valuing women's work through training and advancement. A quarter of a million women identified these priority areas in the 1994 Women s Bureau *Working Women Count* survey. By treating women with dignity, helping people to balance work and family responsibilities, and improving pay and benefits, *Honor Roll* members will make life better for all families, said Labor Secretary Robert B. Reich.

Karen Nussbaum, director of the Women s Bureau, summarized the potential impact of this initiative, We want the *Honor Roll* to build momentum for practical, concrete change. We predict that over the next year, more than a million working Americans will be able to see the effects: a new child care center, time off for family responsibilities, and professional development training.

The Women s Bureau plans to collect 1,000 *Honor Roll* pledges by next spring. The Bureau has already gathered more than 400 pledges from businesses, community organizations, state and local governments, and labor unions. These pledges include a variety of initiatives, such as flexible work schedules, personal leave time, on-site child care and training for higher paying jobs. The *Honor Roll* pledges come from various sources, ranging from the relatively small McAlvain Construction company in Boise, Idaho, to the international corporation, Bausch and Lomb; from an apprenticeship program in Anchorage, Alaska, to a pledge from the city of Kansas City, Missouri.

A few examples of *Honor Roll* pledges that emphasize child care initiatives are listed below.

- **The Little Hoop Community College,** Fort Totten, North Dakota, discovered an unmet need for child care through their participation in the *Working Women Count* survey. As a result, a child care center was created and the college is working in partnership with local businesses to raise money for a major community child care center.

- **GTE Corporation** in Needham, Massachusetts offers emergency care on snow days and school holidays, allows employees to bring their children to work, and has private nursing rooms for new

mothers.

- **Hotel Employees and Restaurant Employees Union Local 2** in San Francisco, California is establishing a child and elder care fund for hotel employees, one of the largest ever negotiated by a union. Employers will contribute five cents for every hour worked by members.

- **Oregon Community Foundation's Oregon Child Development Fund** in Portland has pledged to raise $900,000 over three years to fund job training for hundreds of infant/toddler child care providers. The goal is to increase the supply and quality of child care for infants and toddlers throughout the state.

- **The American Home Products Corporation,** Madison, New Jersey, has pledged to establish an on-site child care center and provide tuition assistance for employees with annual family incomes under $70,000. This new facility offers care for infants and preschoolers as well as a full-day kindergarten, care for mildly ill children through age 6, and back-up care for children through age 12.

- **Quadrangle Child Care Center** in Cleveland, Ohio has pledged to design and implement an intergenerational program in conjunction with Lupica Towers (a senior citizens residence) to enhance the quality of services for children and the elderly.

Anyone interested in joining the *Working Women Count Honor Roll* can request materials by contacting the Women s Bureau at 1-800-827-5335. Programs entered into the Honor Roll receive a certificate from the Secretary of Labor and information about the program will be made available to the public.

Lauren Asher is Communications Director for the Women s Bureau, U.S. Department of Labor. For additional information about Honor Roll pledges in a specific city or state, contact Lauren at: (202) 219-6652, ext. 107, or Grier Mendel at ext. 133.

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Partnering to Support School-Age Care

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After-school programs are excellent opportunities to form partnerships and community strategies that promote positive outcomes for at-risk youth. Whether the initial impetus came from a private foundation, a government initiative, or a corporate president and CEO, the following programs are community initiatives that support youth.

MOST (Making the Most of Out-of-School Time), is a five- year, $6.5 million initiative of the DeWitt Wallace-Reader s Digest Fund to improve school-age child care, especially for low income families. The project was designed in partnership with the School-Age Child Care Project (SACCProject) at the Wellesley College Center for Research on Women (see MOST Initiative, in the Child Care Bulletin, March/April 1995).

Chicago, Seattle, and Boston were selected to receive a three- year grant of $1.2 million to respond to the needs of thousands of school-age children. For each of the three cities, this implementation grant is a result of a year of collaborative planning with a variety of public and private partners with an interest in the supply and quality of school-age programs, and an interest in community development, education, and support for child care.

For more information, contact Lillian Coltin, SACCProject, Wellesley Center for Research on Women, (617) 283-2539.

Support Our Students (SOS), North Carolina s statewide initiative for providing quality, community based after-school services for at-risk students, focuses on children in their middle school years. In 1994, Governor Jim Hunt proposed SOS as a public-private partnership in which some state funding is used to leverage local and private support from schools, businesses, churches, and other community resources. In one year, SOS exceeded its three-year goal of serving 6,000 youth. SOS is now progressing well with a new goal to serve 20,000 youth and raise $5 million in private in-kind contributions in three years.

Selected county programs are funded through the state s Department of Human Resources SOS Office which provides technical assistance and promotes coordination among the programs. Additional assistance is provided through the state s Cooperative Extension Service and the Office of the Governor.

Participating organizations include Arts Councils, Boys and Girls Clubs, Junior League, United Way, Cities-In-Schools, YMCA, and various other community focused agencies. Examples of private and community support offered to SOS programs include an awards day sponsored by Cal-Tone Paints; college scholarships through Arby s; a computer tutor from Motorola; payroll and accounting services by Leith Auto; Clark-Hurth Company employee volunteers; an after-school basketball program with the Charlotte Police; and assistance for students in setting up their own small business through Smithfield s Chamber of Commerce.

For more information, contact Joe Canty, SOS Program Director, (919) 571-4848.

The 4-H After School Program is a partnership that was founded in Los Angeles, California in 1988. The program focuses on youth, ages 7 to 13, living in public housing communities. The program's resources are from a blend of U.S. Departments of Housing and Urban Development (HUD) and

Agriculture, corporations and local businesses, local housing authorities, land grant universities, Cooperative Extension System 4-H, National 4-H Council, local schools, city and county governments, and other public and private funding or in-kind support. Although the success of the program is due to the combined commitment of each partner, many indicate that the leadership of Roger Beach, Chair and CEO of Unocal Corporation and the innovative Vision Team approach were the real keys that brought the collaboration into being and heightened private sector awareness.

This 4-H program involves communities in improving the quality of life for themselves and others residing in public housing units. As a positive alternative to youth spending time alone after school, 4-H offers opportunities to work on academic studies, 4-H learn by doing projects, community service, nutrition and fitness education.

Operating every day, 50 weeks a year, and serving more than 1,200 youth, the success of the program in Los Angeles has prompted HUD to commit funds to expand that program from 23 to 51 sites, and to begin a similar program in Kansas City, Oakland, and Philadelphia. Each community has organized a Vision Team, consisting of representatives from the business, education, government, and community sectors.

For more information, contact Don MacNeil, Metro-Coordinator, National 4-H Council at: (805) 498-3937, or Nancy Valentine, USDA at: (202) 720-5578, or Beverly Hardy, HUD at: (202) 708-4214.

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Working Mother Spotlights Family Friendly Companies

by Karen Mazzotta

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Dedicated to helping women balance roles at home and at work, *Working Mother* magazine researches and addresses critical issues that impact families. The magazine is a source of information for parents on various topics, from finding good child care to pay equity, from child development and parent education to managing priorities and pressures at work.

Each year *Working Mother* publishes two reports highlighting child care activities. "How Does Your State Rate?" (in the March 1995 issue) examines states' commitment to child care, and "100 Best Companies for Working Mothers," (in the October 1995 issue) lists America's most innovative companies in support of working families.

How Does Your State Rate?

In the *Working Mother* third annual report evaluating child care in each state, California, Colorado, Connecticut, Hawaii, Maryland, Massachusetts, Minnesota, Vermont, Washington, and Wisconsin rated the highest. Criteria for the 10 Best States include quality, availability, and safety of child care, as well as commitment of state, business, and community leaders to improving care. In addition to the ten best, North Carolina earned the distinction of "Most Exciting State" for its $47 million commitment to Smart Start, which aims to make affordable quality early education available to every child.

100 Best Companies for Working Mothers

This year marks the tenth anniversary of the list now known as the WORKING MOTHER 100, a roster that features the most innovative and advanced firms for working parents. Firms that make the list are considered role models for business, creating workplaces that offer employees both the opportunity to advance in their careers and to have a good family life. Companies are evaluated on four criteria: pay, advancement opportunities for women, support for child care (financial assistance, referrals and/or actual care), and family-friendly benefits.

In the area of child care, of the 100 firms on this year's list, 76 offer child care on-site or at a nearby site. Eleven new centers were opened in the past year by these companies: Allstate, Barnett Banks, CIGNA, Corning, Glaxo Wellcome, Lincoln National, Marriott, NationsBank, Quad/Graphics, and SAS Institute.

Some benefits that companies never considered providing a decade ago, are now fairly standard among those on the list. These include such benefits as before and after-school care, holiday care, back-up care, summer programs, and sick child care. There are many exciting child care initiatives, including IBM's commitment of $50 million to support child and elder care programs; Johnson & Johnson's new Family Child Care System of specially screened and trained providers, and their toll-free service for professional advice on child-rearing problems, from getting a baby to sleep to communicating with a sullen teenager; and Xerox Corporation's expansion of child care programs to provide infant and toddler slots and assistance for more than 3,000 employees in paying for child care. At Fel-Pro, babies are welcomed with a $1,000 savings bond, and various benefits that support the child and family continue through the college years.

When *Working Mother* debuted the list in 1986, it recognized only 30 firms for their family-friendly practices. Today, hundreds of employers compete to be on the list, and there is an increasing number of innovative and creative initiatives. "Our goal in creating this roster ten years ago was to call attention to corporate role models so that others would follow in their footsteps," says Judsen Culbreth, *Working Mother* editor-in-chief. "There's been such an outpouring of support for and interest in this project that the WORKING MOTHER 100 has taken on greater meaning: This list tracks our country's work/family revolution."

Companies from the WORKING MOTHER 100 that scored the highest rating possible in the area of child care:

Barnett Banks, Inc.

Corning Incorporated

Fel-Pro Incorporated

Glaxo Wellcome Inc.

IBM Corporation

Johnson & Johnson

SC Johnson Wax

Lancaster Laboratories, Inc.

Lincoln National Corporation

Merck & Co., Inc.

NationsBank Corporation

Quad/Graphics, Inc.

SAS Institute Inc.

Schering-Plough Corporation

Xerox Corporation

Karen Mazzotta is the publicist for *Working Mother* magazine.
For more information, contact (516) 549-1580.

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Child Care Partnerships Emerge Across the Country

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Colorado

Colorado Governor Roy Romer has created a Business Commission on Child Care Financing to study ways to finance quality child care. Chaired by the president of the First Bank in Denver, the Commission is to present recommendations to the governor, state lawmakers, and the business community by January 1.

The Commission includes representatives from AT&T, Channel 9, Colorado AFL-CIO, Coors Brewing Co., Copper Mountain, the Denver Business Journal, Hyatt Regency, Time Warner Cable, United Airlines, Lockheed, and others. Their expertise will be used to assess funding sources, develop multi-sector financing approaches, and motivate the business community to look into child care financing reform from a business and economic standpoint.

To learn more, call Sam Williams, Coordinator, Colorado Business Commission on Child Care Financing, at: (303) 866-5860.

Grand Ronde Tribe

Located in Oregon, the Grand Ronde Tribe is implementing a benefits package for all tribal employees that includes a 50% match for child care assistance. Relying mostly on family child care providers, the tribe partners with the statewide resource and referral network and the Child Care Resource Center to assist providers with licensing and training.

Tribal members are considering new ventures, such as a center-based program for infants, and creating a youth center facility to house partnering agencies. This would include CCDBG supported community pre-school, before and after-school programs, YCAP which operates the county Head Start program, Johnson O'Malley cultural education programs and several others.

To learn more, contact Shawn Hostler or Wendy Spencer at the Grand Ronde Indian Reservation, at: (503) 879-5211.

Indiana

In November, a Symposium on Child Care Financing was convened by the Indiana Family and Social Services Administration along with the Child Care Action Campaign, to bring together public and private leaders from across the state to collaborate on innovative funding strategies. Co-chaired by Indiana First Lady Susan Bayh and Mrs. Charlene Lugar, the Symposium included presentations by funding experts from an employer consortium, a single employer fund, a multi-partner fund, and a community development loan fund. Nearly 300 participants attended from 17 county teams comprised of an elected official, major employer, a community foundation, a financing institution, chamber of commerce, private industry council, public health and education agencies, a child care provider, resource and referral agency, and parents.

Corporate sponsors are providing financial support and company mentors to assist the 17 counties in implementing their proposed strategy to expand and enhance child care in their communities. At this time, the corporate sponsors include: CB Commercial, American Cablevision, Conseco, Cummins Engine, Eli Lilly & Co., Golden Rule Insurance, Ice Miller Donadio & Ryan, IPALCO Enterprises, Lincoln National Corporation, Marsh Supermarkets, Inc., the Junior League of Indianapolis, McDonald's Corporation, Northern Indiana Public Service Company (NIPSCO), NBD Bank, PSI Energy, Society National Bank of Indiana, Weiss Communications/Indianapolis Woman, Wishard Memorial Hospital, St. Vincent-Community Health Network, and WISH/TV.

To learn more, contact Carole Stein, Indiana Family and Social Services Administration, at: (317) 232-1148.

Iowa

ChildNet is an employee assistance benefit program that connects families to quality child care. A comprehensive resource and referral service, ChildNet is available to employees of subscribing companies through a public-private partnership with the Iowa Child Care Resource and Referral System.

ChildNet provides direct child care assistance services to employees and a certification program for child care providers. In addition, ChildNet provides work site informational seminars on topics such as choosing infant care, single parenting, summer-care options. Additionally, they produce informational materials such as work and family articles for company newsletters and parent education materials.

To learn more, contact Karen King, Director, ChildNet/CCR&R of Central Iowa Lead Agency, at: (515) 286-2004.

Jamestown S'Klallam Tribe

Located in Washington state, the Jamestown S'Klallam Tribe and its Seven Cedars Casino are working with a private partner, New Horizon Kids Quest to develop child care services. These services will include an hourly child care center for children of casino guests and a child care center serving casino and tribal employees as well as members of the surrounding community.

For more information, contact Ron Allen, Tribal Chairman, Jamestown S'Klallam Tribe, (360) 681-4621 or Pete Guidera, Vice President of Development, New Horizon Kids Quest (612) 577-9201.

South Dakota

The South Dakota Department of Social Services Office of Child Care Services and the Governor's Office have joined with the Industry and Commerce Association to address child care needs. The result is a cooperative initiative called "Kids 1st with South Dakota Businesses." The program aims to help businesses to deal with issues involved in developing a child care plan.

Publications produced by the partnership include *The Employer's Guide to Private and Public Child Care Solutions* and the *Business Profile Handbook*. The *Guide* highlights available child care options for employers, outlining the benefits and the challenges of various choices. It includes sections on exploring organizational needs, flexible human resource policies, child care support services, and establishing on-site and near-site child care. The *Handbook* includes brief descriptions of businesses in South Dakota that have instituted some form of policy change in support of child care.

To learn more, contact Bobbi Brown, Administrator, Office of Child Care Services, South Dakota Department of Social Services, (605) 773-4766.

Washington

The state's policies provide for a child care partnership committee and an employer liaison to help increase employer assistance and involvement in child care. Child Care Advantages (CCA) forms the state-level connection between the Office of Child Care Policy and the Office of Business Assistance.

Supported by Washington's Departments of Social and Health Services and Community, Trade and Economic Development, CCA is designed to help employers develop effective and efficient family-friendly policies. It facilitates employee assistance in work-family issues including child and elder care, and helps generate public/private partnerships in communities.

Specifically, CCA provides businesses with financial and technical assistance in developing on-site and near-site child care facilities. Qualified businesses can receive direct loans, loan guarantees, or grants to start or expand child care facilities through a Child Care Facility Fund. The partnerships involved have created over 1,000 child care slots and leveraged close to $5 million dollars. Many of the corporate supported centers are located in rural, underserved areas.

CCA also conducts an annual conference to provide information and resources for employers who wish to implement family friendly practices, and to recognize public and private employers who make great strides in creating a family-friendly workplace.

For more information, contact Larry Macmillan, program manager for Child Care Advantages, (360) 586-3023.

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Council on Lower-Wage Workers and Families

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The Families and Work Institute (FWI) is partnering with Marriott International to create the Employer Council on Lower-Wage Workers and Their Families with start-up support through the Carnegie Corporation of New York. Most research, including the FWI's *National Study of the Changing Workforce*, has shown that work-family assistance is considerably more available for highly educated and highly compensated employees than for their lower wage counterparts. At the same time, the growth in this segment of the national workforce is outpacing all other groups. Even workers who can earn competitive wages find themselves challenged to make ends meet. Finding child care and other family services needed to maintain self-sufficiency is particularly difficult.

This Council will explore and challenge the way that major corporations and policymakers address the family needs of their lower-income employees, identifying key work-family issues for these workers, and innovative strategies for addressing their needs. This Council is the next step on the evolution of the work-family field -- to create champions for the needs of the low-wage workers. A group of approximately 25 major corporations, including Levi-Strauss, McDonald's, Burger King, Sears, Pepsico, ConAgra, Perdue, Wegman's, JP Morgan Delaware, Prudential Insurance, Barnett Banks, and Hyatt, as well as the U.S. General Services Administration, will meet three times during the next 18 months for discussion, debate, and brainstorming about policies and programs. The Families and Work Institute will prepare the background information and lead the discussions; academics and policy makers will brief the group on such issues as child care and welfare-to-work programs. The process will culminate in a series of recommendations that will be published by the FWI and presented to business leaders and policy makers.

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Small Business Makes Big Impact

by Chuck Adams

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Just over two years ago, an old hatchery building at Sanderson Farms in Collins, Mississippi was a graveyard of retired poultry processing equipment. With a lot of commitment and a little imagination, Joe Sanderson's corporate initiative transformed the facility into a modern, licensed child care center. The goal was to provide quality child care and education for the children, resulting in a less stressful environment for the parents employed by the Collins Processing and Production Division of Sanderson Farms.

Community partners and creative planning were integral to accomplishing this goal. For example, the crafting of storage shelves was a class project in carpentry for students at Collins High School Vocational Center. Also, the state Office for Children and Youth provides major funding for the center's teaching materials, supplies, equipment, and some operating expenses.

The center serves as many as 329 children over two shifts. The services offered include infant and toddler care, care for preschool children, school-age care, summer programs, and four specially designed playgrounds, including one for infants. The program provides flexibility for employees' families, opening before 4:30 a.m., and extending hours when work shifts run long. It also opens on Saturdays and holidays, whenever the plant operates.

Chuck Adams is the Director of Administration for Sanderson Farms, Inc. For more information, contact Chuck at: (601) 649-4030.

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Healthy Child Care Update: North Texas
by Elaine Klos

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An important component of quality care is the link between the health care and the child care communities. The First Texas Council of Camp Fire in Fort Worth is leading an effort in an 18-county region of North Texas in which a collaboration of public and private entities have joined together to achieve the goal of safe and healthy child care settings.

This Healthy Child Care Coalition includes members of the child and health care communities, elected officials, and Corporate Champions, 13 major employers that support and fund high quality child care.

The Coalition is compiling a list of the programs and projects that are currently available in the public and private sectors. Using the Healthy Child Care America Blueprint (see "Healthy Child Care America Campaign Launched," in the *Child Care Bulletin*, July/August 1995), the Coalition will seek to answer the questions: Are services easily accessible and sufficient in number? Where are the gaps in service? Where will the funding come from to improve and develop services?

The Coalition plans to develop support mechanisms and to serve as an "information connector" for child care providers and the health care community. It will include information in a monthly newsletter to more than 4,500 child care providers.

Elaine Klos is the Advocacy Director of the First Texas Council of Camp Fire. To learn more, contact Elaine at: (817) 831-2111.

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Private Capital Works to Enrich Care

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Every child care provider, at some point, must assess the need to improve or expand their facility. Usually, they find that the resources are unavailable. Many centers receive barely enough in parent fees and state child care subsidies to meet costs, leaving little or no fund for capital improvements.

Recognizing this problem, the United Way of Massachusetts Bay and the Hyams Foundation decided to start a private loan fund to improve child care in the Boston area. The result of that collaboration, the Child Care Capital Investment Fund (CCCIF), has loaned 23 centers up to $120,000 for renovations, construction, and refinancing.

Since the CCCIF began, not one center has defaulted on a loan. This success has led to a new program called "Mini Loans" to serve smaller centers. These are loans for up to $5,000 for five years, at a 5% interest rate, to be used for emergency repairs, replacing old furnishings, or purchasing new equipment.

The CCCIF uses a comprehensive approach to capital improvements. Prior to a center receiving funds, CCCIF staff make site visits to help the program director prioritize needs, identify funding sources, estimate costs and calculate the center's ability to repay the loan. In addition, CCCIF gives interest free loans for planning costs.

After a loan is made, the center receives technical help to implement the improvements. This assistance can range from finding an architect that specializes in developmentally appropriate designs, to programming computers and teaching center staff to budget for debt.

For more information, contact the CCCIF, 294 Washington Street, Suite 330, Boston, MA 02108-4608, or call (617) 728-3028.

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Resources in Child Care

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Within each issue, the Child Care Bulletin highlights resources available to the child care community. We encourage providers, parents, administrators, and other readers to share your knowledge of what is available so that we may pass it on to the field.

Publications

- *Child Care Options: A Workplace Initiative for the 21st Century* by Margery Leveen Sher and Madeline Fried

  This book examines how and why businesses can create family friendly policies for employees. It discusses child care options for businesses, facility design, licensing and resources available to employers and employees. (Available for $27.50 plus shipping from Oryx Press, 4041 N. Central Ave., Suite 700, Phoenix, AZ 85012, or call: (800) 279-6799).

- *The Work and Family Kit* from the Office of Personnel Management

  The Kit is a compendium of family friendly practices, policies, resources and references available to help employees balance work and family needs. Targeted at federal agency personnel, the Kit is a valuable resource for organizations instituting child care, alternative work schedules, job-sharing, telecommuting and other employee benefits. (For availability, contact OPM s Work and Family Program Center at: (202) 606-5520).

Publications below are available from the **Families and Work Institute,** 330 Seventh Ave., 14th Floor, New York, NY 10001, Attn.: Publications, or call (212) 465-2044.

- *Corporate Reference Guide to Work-Family Programs* by Ellen Galinsky, Dana Friedman and Carol Hernandez

An extensive reference on work-family issues, the book addresses the questions most frequently posed by companies. Crossing 30 industries, it provides a comparative analysis of family-supportive policies in Fortune 500 companies. It contains case studies, model initiatives, and the stages of development of corporate work-family programs ($50).

- *Education Before School: Investing in Quality Child Care* by Ellen Galinsky and Dana Friedman

A guide to the supply, cost, and quality of child care in the U.S. The book includes numerous case studies of corporate initiatives to improve the quality of child care and education and includes a vision of an early childhood system for the 21st century ($15).

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White House Conference on Early Childhood Development and Learning Policy Announcements

On April 17, 1997, the President and First Lady hosted The White House Conference on Early Childhood Development and Learning: What New Research on the Brain Tells Us About Our Youngest Children. The day-long conference highlighted new scientific findings on brain development in very young children and points to the importance of children's earliest experiences in helping them get off to a strong and healthy start and reach their full potential.

Clinton Administration Commitment to Young Children. The Clinton Administration has invested heavily in research to help us better understand the importance of the first few years of life to child development and learning. President Clinton has also strengthened efforts to support families with young children by investing in Head Start and Early Head Start, the WIC Supplemental Nutrition Program, immunization and other early childhood programs.

At the conference, the President made a series of policy announcements that build on the Clinton Administration's commitment to young children:

> **Improving the Quality of Child Care By Learning from the Military.** Child care experts believe that the military child care system is now the best in the country. The President is issuing an executive memorandum directing the Secretary of Defense to use the Department's expertise to help improve child care across the nation. The memorandum urges the Department to consider: (1) creating partnerships with civilian child care centers in the community to help them improve quality; (2) providing training courses for civilian child care providers; (3) sharing the materials and models for worker training, accreditation and evaluation, facility design, financing, and other ingredients of the military's success; and (4) working with States and local governments to enable military child care facilities to serve as training sites for welfare recipients moving from welfare to work.
>
> **Providing Health Coverage for Children.** The President's fiscal year 1998 budget includes a children's health initiative that will extend coverage to up to 5 million uninsured children by the year 2000 by strengthening Medicaid for poor children, building innovative State programs to provide coverage for working families, and continuing health coverage for children of workers who are between jobs. Today, the Association of American Medical Colleges issued a letter of support for the Clinton Administration's children's health proposal.
>
> **Importance of Early Education.** The President recognizes that children must be nurtured and stimulated in the earliest years. That is why he is announcing two

initiatives geared toward early learning.

Expanding Early Head Start. The Department of Health and Human Services is requesting proposals for new Early Head Start programs to expand Early Head Start enrollment by one-third [illegible] year. Created by the Clinton Administration in 1994, the Early Head Start program brings Head Start's successful comprehensive services to families with children ages zero to three and to pregnant women.

Giving Parents and Caregivers Early Childhood Tools. The President's America Reads Challenge is releasing "Ready*Set*Read" early childhood development activity kits. The kits offer suggestions to families and caregivers about developmentally appropriate activities for children ages zero to five. They will be distributed to early childhood programs across the country and to callers to the Department of Education's 1-800-USA-LEARN hotline.

Safe Start. The Department of Justice is establishing "Safe Start" to change the way law enforcement officers respond to children who are the victims of or witnesses to violence. The program will provide training on early childhood development to community police officers, prosecutors, probation and parole officers, school personnel and mental health providers. It will better prepare law enforcement officials to respond to young children exposed to violence and can help prevent today's children from turning into tomorrow's criminals. The initiative is built on the successful partnerships between community police officers and mental health providers funded by DOJ in New Haven, Connecticut and three other communities.

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FILE s19.is

S 19 IS

105th CONGRESS

1st Session

To provide funds for child care for low-income working families, and for other purposes.

IN THE SENATE OF THE UNITED STATES

January 21, 1997

Mr. DODD (for himself, Mr. DASCHLE, Mr. KENNEDY, Ms. MIKULSKI, Mr. ROCKEFELLER, Mrs. MURRAY, Mr. TORRICELLI, and Mrs. BOXER) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To provide funds for child care for low-income working families, and for other purposes.

[Italic->] Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [<-Italic]

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the `Working Families Child Care Act of 1997'.

(b) TABLE OF CONTENTS- The table of contents for this Act is as follows:

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Availability and affordability of quality child care is a major obstacle for working parents who struggle to remain self-sufficient.

(A) Compared to all other income groups, the working poor are the least likely to receive assistance with their child care costs.

(B) Low-income families spend 24 percent of their household income on child care, whereas middle-income families spend 6 percent of their household income on child care.

(C) 38 States have waiting lists for child care for the working poor. Among those States, Georgia has 41,000 individuals on its waiting list, Texas has 36,000 individuals on its waiting list, and Illinois and Alabama each have 20,000 individuals on their waiting lists.

(D) One survey of low-income families on a waiting list for subsidized child care found that of those families paying for child care out of their own funds, 71 percent faced serious debt or bankruptcy.

(E) Half of the States and the District of Columbia, even before the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2105) during the 104th Congress, increased the proportion of child care slots or dollars going to families on welfare, rather than to working poor families.

(2) The Congressional Budget Office estimates that there will be $1,400,000,000 less expenditures of child care funds for working poor families as a result of the States implementing the work requirements imposed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law

104-193, 110 Stat. 2105).

(3) Important types of child care are not available in certain States including infant care, school-age care, care for children with disabilities and special health care needs, and child care for parents with unconventional or shifting work hours.

(A) A 1995 State study by the Comptroller General of the United States found a shortage of child care for infants and children with special needs in inner cities, and a shortage of all types of child care in rural areas.

(B) Only one-third of the schools in low-income neighborhoods offer school-age child care, compared with 52 percent of schools in more affluent areas offering such care.

(C) Eighth-graders who are left home alone for 11 or more hours a week report significantly greater use of cigarettes, alcohol, and marijuana than eighth-graders who are not left home alone.

(D) Existing child care arrangements do not accommodate the work schedules of many working women. According to a 1995 statistic published by the Department of Labor, 14,300,000 workers, nearly 1 in 5 full-time workers work nonstandard hours, and more than 1 in 3 of those workers are women.

(E) Only 10 percent of child care centers and 6 percent of family day care providers offer child care on weekends. Yet one-third of working mothers with annual incomes below the poverty level and one-quarter of mothers with annual incomes above the poverty level but below $25,000 work on weekends.

(F) Less than 30 percent of Head Start programs operate on a full-time, full-year basis.

SEC. 3. ASSISTANCE FOR LOW-INCOME WORKING FAMILIES.

Section 658B of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

`SEC. 658B. FUNDING OF GRANTS.

`(a) AUTHORIZATION OF APPROPRIATIONS- Except as provided in subsection (b), there is authorized to be appropriated to carry out this subchapter $2,000,000,000 for each of fiscal years 1997 through 2002.

`(b) APPROPRIATION- The Secretary shall pay, from funds in the Treasury not otherwise appropriated, $1,400,000,000 for fiscal years 1997 through 2002, through the awarding of grants to States under this subchapter for the purpose of providing child care services for families who have left the State program of assistance under part A of title IV of the Social Security Act because of employment, families that are at risk of becoming dependent on such assistance program, and low-income working families described in section 658E(c)(3)(D). Funds shall be paid under this subsection to the States in the same manner, and subject to the same requirements and limitations, as funds are paid to the States under section 418 of the Social Security Act (42 U.S.C. 618).'.

SEC. 4. GRANTS FOR CHILD CARE SUPPLY SHORTAGES.

(a) GRANTS FOR CHILD CARE SUPPLY SHORTAGES- Section 658E(c)(3) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)) is amended by adding at the end the following:

`(E) CHILD CARE SUPPLY SHORTAGES-

`(i) IN GENERAL- A State shall ensure that 100 percent of amounts paid to the State out of funds appropriated under section 658B(a)(2) with respect to each of the fiscal years 1997 through 2002 shall be used to carry out child care activities described in clause (ii) in geographic areas within the State that have a shortage, as determined by the State, in consultation with localities, of child care services.

`(ii) CHILD CARE ACTIVITIES DESCRIBED- The child care activities described in this clause include the following:

`(I) Infant care programs.

`(II) Before- and after-school child care programs.

`(III) Resource and referral programs.

`(IV) Nontraditional work hours child care programs.

`(V) Extending the hours of pre-kindergarten programs to provide full-day services.

`(VI) Any other child care programs that the Secretary determines are appropriate.'.

(b) AUTHORIZATION OF APPROPRIATIONS- Section 658B(a) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858(a)), as amended by section 2, is amended--

(1) by striking `Except as provided in' and inserting the following:

`(1) IN GENERAL- Except as provided in paragraph (2) and'; and

(2) by adding at the end the following:

`(2) CHILD CARE SUPPLY SHORTAGES- There is authorized to be appropriated to carry out section 658E(c)(3)(E), $500,000,000 for each of fiscal years 1997 through 2002.'.

(c) CONFORMING AMENDMENT- Section 658(c)(3)(A) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(A)) is amended by striking `(D)' and inserting `(E)'.

SEC. 5. REPORT ON ACCESS TO CHILD CARE BY LOW-INCOME WORKING FAMILIES.

(a) STATE REPORTING REQUIREMENT- Section 658K(a)(2) of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858i(a)(2)) is amended--

(1) in subparagraph (D), by striking `and' at the end; and

(2) by inserting after subparagraph (E), the following:

`(F) the total number of families described in section 658B(b) that were eligible for but did not receive assistance under this subchapter or under section 418 of the Social Security Act and a description of the obstacles to providing such assistance; and

`(G) the total number of families described in section 658B(b) that received assistance provided under this subchapter or under section 418 of the Social Security Act and a description of the manner in which that assistance was provided;'.

(b) SECRETARIAL REPORTING REQUIREMENT- Section 658L of the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended by inserting `, with particular emphasis on access of low-income working families,' after `public'.

SEC. 6. EFFECTIVE DATE.

This Act and the amendments made by this Act take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193, 110 Stat. 2105).

FILE s495.is

S 495 IS

103d CONGRESS

1st Session

To establish a program to provide child care through public-private partnerships, and for other purposes.

IN THE SENATE OF THE UNITED STATES

March 3, 1993

Mr. DODD (for himself, Mr. REID, Mrs. BOXER, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To establish a program to provide child care through public-private partnerships, and for other purposes.

[Italic->] Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [<-Italic]

SECTION 1. SHORT TITLE.

This Act may be cited as the `Child Care Public-Private Partnership Act of 1993'.

SEC. 2. ESTABLISHMENT OF BUSINESS INCENTIVE GRANT PROGRAM.

The Secretary shall establish a program to make grants to--

(1) businesses and consortia--

(A) to pay start-up costs incurred to provide child care services needed by the employees of such businesses; or

(B) to provide additional child care services needed by the employees of such businesses, other than services provided prior to the period for which the grant is made; and

(2) nonprofit business organizations to provide technical information and assistance to enable businesses to provide child care services.

SEC. 3. ELIGIBILITY TO RECEIVE GRANTS.

To be eligible to receive a grant under section 2, a business, nonprofit business organization, or consortium shall submit an application to the Secretary in accordance with section 4.

SEC. 4. APPLICATION.

In submitting an application referred to in section 3, a business, nonprofit business organization, or consortium shall submit the application at such time, in such form, and containing such information as the Secretary may require by rule, except that such application shall contain--

(1) an assurance that the applicant shall make available, with respect to the costs to be incurred by the applicant in carrying out the activities for which such grant is made, non-Federal contributions in an amount equal to not less than $2 for every $1 of Federal funds provided under the grant;

(2) an assurance that such applicant will expend such grant for the use specified in paragraph (1) or (2) of section 2, as the case may be;

(3) an assurance that such applicant will employ strategies to ensure that child care services provided by such applicant, or provided with the technical information and assistance made available by such applicant, are provided at affordable rates, and on an equitable basis, to low- and moderate-income employees;

(4) an assurance that such applicant--

(A) in the case of a business or consortium, will comply with all State and local licensing requirements applicable to such business or consortium concerning the provision of child care services; or

(B) in the case of a nonprofit business organization, will employ procedures to ensure that technical information and assistance provided under this Act by such business organization will be provided only to businesses that comply with the requirements described in subparagraph (A); and

(5) in the case of a business or consortium, an assurance that if the employees of such applicant do not require all the child care services for which such grant and the funds required by paragraph (1) are to be expended by such applicant, the excess of such child care services shall be made available to families in the community in which such applicant is located.

SEC. 5. SELECTION OF GRANTEES.

For purposes of selecting applicants to receive grants under this Act, the Secretary shall give priority to businesses that have fewer than 100 full-time employees. To the extent practicable, the Secretary shall--

(1) make grants equitably under this Act to applicants located in all geographical regions of the United States; and

(2) give priority to applicants for grants under section 2(1).

SEC. 6. DEFINITIONS.

As used in this Act:

(1) BUSINESS- The term `business' means a person engaged in commerce whose primary activity is not providing child care services.

(2) CHILD CARE SERVICES- The term `child care services' means care for a child that is--

(A) provided on the site at which a parent of such child is employed or at a site nearby in the community; and

(B) subsidized at least in part by the business that employs such parent.

(3) CONSORTIUM- The term `consortium' means--

(A) two or more businesses acting jointly; or

(B) two or more businesses and a nonprofit private organization, acting jointly.

(4) SECRETARY- The term `Secretary' means the Secretary of Health and Human Services.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this Act $25,000,000 for each of the fiscal years 1994, 1995, 1996, and 1997.

Child Care PublicPrivate Partnership Act of 1993 (Introduced in the House)

HR 1196 IH

103d CONGRESS

1st Session

H. R. 1196

To establish a program to provide child care through public-private partnerships.

IN THE HOUSE OF REPRESENTATIVES

March 3, 1993

Mrs. LOWEY (for herself, Ms. MOLINARI, Mr. FORD of Michigan, Mr. GOODLING, Mr. MILLER of California, Mr. RANGEL, Ms. SNOWE, Mr. HILLIARD, Mrs. MALONEY, Mr. MARTINEZ, Ms. WOOLSEY, Mrs. MEYERS of Kansas, Ms. PELOSI, Mr. FROST, Ms. NORTON, Ms. CANTWELL, Mrs. MINK, and Mr. WYDEN) introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To establish a program to provide child care through public-private partnerships.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Child Care PublicPrivate Partnership Act of 1993'.

SEC. 2. ESTABLISHMENT OF BUSINESS INCENTIVE GRANT PROGRAM.

The Secretary of Health and Human Services shall establish a program to make grants to--

(1) businesses and consortia--

(A) to pay start-up costs incurred to provide child care services; or

(B) to provide additional child care services;

needed by the employees of such businesses; and

(2) nonprofit business organizations to provide technical information and assistance to enable businesses to provide child care services.

SEC. 3. ELIGIBILITY TO RECEIVE GRANTS.

To be eligible to receive a grant under section 2, a business, nonprofit business organization, or consortium shall submit to the Secretary an application in accordance with section 4.

SEC. 4. APPLICATION.

The application required by section 3 shall be submitted by a business, nonprofit business organization, or consortium at such time, in such form, and containing such information as the Secretary may require by rule, except that such application shall contain--

(1) an assurance that the applicant shall expend for the purpose for which such grant is made, an amount not less than 200 percent of the amount of such grant;

(2) an assurance that such applicant will expend such grant for the use specified in paragraph (1) or (2) of section 2, as the case may be;

(3) an assurance that such applicant will employ strategies to ensure that child care services provided by such applicant, or provided with the technical information and assistance made available by such applicant, are provided at affordable rates, and on an equitable basis, to low- and moderate-income employees;

(4) an assurance that such applicant--

(A) in the case of a business or consortium, will comply with all State and local licensing requirements applicable to such business or consortium concerning the provision of child care services; or

(B) in the case of a nonprofit business organization, will employ procedures to ensure that technical information and assistance provided under this Act by such business organization will be provided only to businesses that provide child care services in compliance with all State and local licensing requirements applicable to child care providers in such State; and

(5) in the case of a business or consortium, an assurance that if the employees of such applicant do not require all the child care services for which such grant and the funds required by paragraph (1) are to be expended by such applicant, the excess of such child care

services shall be made available to families in the community in which such applicant is located.

SEC. 5. SELECTION OF GRANTEES.

For purposes of selecting applicants to receive grants under this Act, the Secretary shall give priority to businesses that have fewer than 100 full-time employees. To the extent practicable, the Secretary shall--

(1) make grants equitably under this Act to applicants located in all geographical regions of the United States; and

(2) give priority to applicants for grants under section 2(1).

SEC. 6. DEFINITIONS.

As used in this Act:

(1) BUSINESS- The term `business' means a person engaged in commerce whose primary activity is not providing child care services.

(2) CHILD CARE SERVICES- The term `child care services' means care for a child that is--

(A) provided on the site at which a parent of such child is employed or at a site nearby in the community; and

(B) subsidized at least in part by the business that employs such parent.

(3) CONSORTIUM- The term `consortium' means 2 or more businesses acting jointly. A consortium may also include a nonprofit private organization.

(4) SECRETARY- The term `Secretary' means the Secretary of Health and Human Services.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this Act $25,000,000 for each of the fiscal years 1994, 1995, 1996, and 1997.

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FILE h1196.ih

HR 1196 IH

103d CONGRESS

1st Session

To establish a program to provide child care through public-private partnerships.

IN THE HOUSE OF REPRESENTATIVES

March 3, 1993

Mrs. LOWEY (for herself, Ms. MOLINARI, Mr. FORD of Michigan, Mr. GOODLING, Mr. MILLER of California, Mr. RANGEL, Ms. SNOWE, Mr. HILLIARD, Mrs. MALONEY, Mr. MARTINEZ, Ms. WOOLSEY, Mrs. MEYERS of Kansas, Ms. PELOSI, Mr. FROST, Ms. NORTON, Ms. CANTWELL, Mrs. MINK, and Mr. WYDEN) introduced the following bill; which was referred to the Committee on Education and Labor

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To establish a program to provide child care through public-private partnerships.

[italic->] Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [<-Italic]

SECTION 1. SHORT TITLE.

[illegible] may be cited as the `Child Care PublicPrivate [illegible] Act of 1993'.

SEC. [illegible] [illegible]LISHMENT OF BUSINESS INCENTIVE GRANT PROGRAM.

[illegible] of Health and Human Services shall establish a [illegible] grants to--

[illegible] businesses and consortia--

[illegible] to pay start-up costs incurred to provide child care services; or

[illegible] to provide additional child care services;

[illegible] the employees of such businesses; and

[illegible] nonprofit business organizations to provide technical [illegible] and assistance to enable businesses to provide [illegible] services.

SEC. [illegible] [illegible]IBILITY TO RECEIVE GRANTS.

[illegible] to receive a grant under section 2, a business, [illegible] organization, or consortium shall submit to the [illegible] application in accordance with section 4.

S[illegible] [illegible]ATION.

[illegible] required by section 3 shall be submitted by a [illegible] profit business organization, or consortium at such [illegible] form, and containing such information as the [illegible] require by rule, except that such application shall [illegible]

[illegible] assurance that the applicant shall expend, for the [illegible] for which such grant is made, an amount not less than [illegible] of the amount of such grant;

[illegible] assurance that such applicant will expend such grant [illegible] specified in paragraph (1) or (2) of section 2, as [illegible] be;

[illegible] assurance that such applicant will employ strategies [illegible] child care services provided by such applicant, [illegible] with the technical information and assistance made [illegible] such applicant, are provided at affordable rates, [illegible] equitable basis, to low- and moderate-income employees;

[illegible] assurance that such applicant--

[illegible] in the case of a business or consortium, will comply [illegible] all State and local licensing requirements applicable [illegible] business or consortium concerning the provision of [illegible] care services; or

[illegible] in the case of a nonprofit business organization, [illegible] employ procedures to ensure that technical information [illegible] assistance provided under this Act by such business organization will be provided only to businesses that [illegible] child care services in compliance with all State [illegible] local licensing requirements applicable to child care [illegible] in such State; and

([illegible]) in the case of a business or consortium, an assurance that [illegible] the employees of such applicant do not require all the [illegible] services for which such grant and the funds required [illegible] (1) are to be expended by such applicant, the [illegible] such child care services shall be made available to [illegible] in the community in which such applicant is located.

SEC. [illegible] OF GRANTEES.

[illegible] of selecting applicants to receive grants under this Act, [illegible] shall give priority to businesses that have [illegible] full-time employees. To the extent practicable, the Secretary [illegible]--

(1) [illegible] grants equitably under this Act to applicants [illegible] all geographical regions of the United States; and

([illegible]) [illegible] priority to applicants for grants under section 2(1).

SEC. 6. [illegible]TIONS.

As used [illegible] the Act:

([illegible]) [illegible]NESS- The term `business' means a person engaged in [illegible] whose primary activity is not providing child care [illegible].

([illegible]) [illegible] CARE SERVICES- The term `child care services' means [illegible] child that is--

[illegible] provided on the site at which a parent of such child [illegible] or at a site nearby in the community; and

[illegible] subsidized at least in part by the business that [illegible] such parent.

([illegible]) [illegible]TIUM- The term `consortium' means 2 or more [illegible] jointly. A consortium may also include a [illegible] organization.

([illegible]) [illegible]ARY- The term `Secretary' means the Secretary of [illegible] Human Services.

SEC. [illegible]ATION OF APPROPRIATIONS.

[illegible] authorized to be appropriated to carry out this Act $25, [illegible] each of the fiscal years 1994, 1995, 1996, and 1997.

April 1996
Greater Minneapolis Day Care Association
Child Care Leadership and Services

From the [illegible]
Change: [illegible] what is most important

This was the [illegible] National Association of Child Care Resource and Referral Agencies conference [illegible] Washington, D.C. The mood of the conference reflected concern, apprehension [illegible] feeling of hope for children.

While change [illegible] and often threatening, it also offers opportunity. We must learn how to anticipate an [illegible] and economic trends that affect families, child care, education, employers, [illegible] rams and the work force. Those trends affect the future of child care. We must transcend [illegible] to change and work to overcome our fear. Staying abreast of changes tak[illegible] public and private sectors is important, but learning to anticipate and forecast the [illegible].

We must [illegible] challenge all attempts to negatively affect the quality of early childhood program [illegible] whether we are ready or not. We must be prepared to take the risks needed to [illegible] care is our number one priority.

Although policy changes are needed, the responsibility for creating change will remain with practitioners

Although policy changes are needed, the responsibility for creating change will remain with practitioners

-- program administrators, center directors, and teachers -- who must translate research findings into practical approaches:

- Become creative in establishing new staffing patterns.
- Find new ways to offer teachers on-site supervision, support, and training opportunities.
- Implement curricula that attend to all facets of children's development and meet the needs of those with diverse backgrounds.
- Focus on ensuring that children experience cohesiveness and continuity in early childhood programs.
- Help teachers work with parents to develop positive and effective partnerships.

The combined efforts of policymakers, practitioners, and researchers are needed to support continued progress in the industry:

- broad goals for children.

- effective ways to calibrate levels of quality,
- uniform data systems,
- incentives to establish and support child care infrastructures,
- research demonstration projects,
- vigorous public relations campaigns; and,
- funding for new approaches, models and pilots.

Managing change requires leadership. Participating in change requires questioning the status quo and challenging the purposes of change. Creating change requires vision imagining the future of quality care for . children. Enacting change requires shared assumptions, trust and cooperation, No one working alone can transform an organization, a system, or a structure.

It's time to pick our battles -- quality care for children must be the battle for the 21st century. In the face of "down-sizing, [illegible]-sizing, out-sizing, restructuring, diminished funding sources, cutbacks and cutouts," we [illegible] focus on what is most important for children.

(Ref. NACC[illegible]A. [illegible] for the Future and the Future of Children, Center for the Future of Children.)

Children [illegible] Relationships: Victims Becoming Perpetrators

- WHAT: The 1996 [illegible] Table on Domestic Violence presented by the Center for Early Educa[illegible] (CEED) and Partnership to Address Violence through Education (PAV[illegible] of Education and Human Development, University of Minnesota.
- WHO: [illegible] will include Sheila Wellstone and four other national experts on domestic violen[illegible]
- WHE[illegible] 12, 1996, 9:00 a.m. to 4:30 p.m.
- WHE[illegible] Metrodome, 615 Washington Ave. SE, Minneapolis, MN
- FEE: $[illegible] materials, continental breakfast, lunch and refreshments

For more inf[illegible]) at (612) 625-2874. For hotel reservations call (612) 822-MPLS.

What can [illegible] support worthy wages for worthy work!

WORTHY [illegible]

- DAT[illegible], 1996
- TIM[illegible]
- WHE[illegible] Minnesota State Capitol, at 75 Constitution Avenue in St. Paul, Minne[illegible]

Come join us [illegible] Rally with your child(ren), friends and child care provider. For more

Child care

LEVEL 1 - 3 OF 49 STORIES

Southwest Newswire

SEPTEMBER 8, 1993, WEDNESDAY

DISTRIBUTION: TO BUSINESS DESKS

LENGTH: 499 words

HEADLINE: NATIONSBANK ANNOUNCES ADDITION OF CHILD CARE LOAN PROGRAM

DATELINE: CHARLOTTE, N.C., September 8, 1993

BODY:

NationsBank announced today the addition of $25 million to a successful child care loan program. The Child Care Development Loan Fund has provided $10 million in loans over the last 22 months.

The program emphasizes creating quality, affordable child care capacity in all markets served by NationsBank. Loans can be used to build new centers, expand or improve existing ones, buy equipment, furniture and fixtures and for working capital.

"The spirit behind this loan fund ties together two ideals that NationsBank feels are critical for our communities -- capital for independent business owners and quality child care," said Ken Lewis, president of the NationsBank General Bank. "The beauty of this program is that it has a positive influence on both. We are excited about this program and look forward to another successful campaign."

The NationsBank lending program was cited as a "model for effective child care lending" in recent studies of the child care industry by the Center for Policy Alternatives in Washington, D.C. Those studies concluded that the lack of accessibility to credit is a contributing factor to the inadequate supply of child care in most parts of the country.

Under the program, **loans** for **child care facilities** will be provided in conjunction with the U.S. Small Business Administration. Providers seeking loans must meet state licensing requirements, live in the states served by the fund, or be partnerships or corporations based in those states. In addition, their **facilities** must be open to the general public.

The **Child Care** Development **Loan** Fund is not designed to fund improvements for in-home child care centers, and all centers financed must be "for profit" entities.

"Favorable terms are a major advantage of these loans. The bank's experience in working with the SBA and the added leverage their loan programs give us have been key to the success of our efforts to date," said Steve Schley, national coordinator of the program.

Begun in South Carolina in 1989, the initial program resulted in $1.6 million in **loans** to build, expand or improve **child care facilities.** Two years later, a $10 million fund was created to serve all NationsBank communities.

The loan fund is an outgrowth of the nationally recognized work and family programs NationsBank has developed for its employees. Among these is a service that helps employees find quality child care and another that subsidizes child care costs for eligible employees.

Individuals interested in applying for loans under the program may call 1-800/224-4530 to determine their eligibility. Child care loan packages will be mailed to those who are eligible, and a local child care loan specialist will handle processing and approval of the loan request.

NationsBank Corporation is the fifth-largest U.S. banking company, with $124 billion in assets and banking centers in nine states and the District of Columbia.

CONTACT: Martha Larsh, NationsBank. 09-08-93---09:44:53a

LANGUAGE: ENGLISH

LOAD-DATE: 930908

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LEXIS·NEXIS A member of the Reed Elsevier plc group

LEVEL 1 - 4 OF 49 STORIES

The Seattle Times

August 19, 1993, Thursday, Final Edition

SECTION: LOCAL NEWS; Pg. B2

LENGTH: 722 words

HEADLINE: SOUTH SEATTLE DAY-CARE CENTER CONQUERS RED TAPE TO EXPAND

BYLINE: BY MARY F. POLS

BODY:

Seattle Police Sgt. John Manning gets to his job as head of the city's East precinct community police team at about 8 a.m. But usually he's been up since 5:30 a.m., cooking a hot breakfast for the 12 children at his wife's day-care center, not to mention four of his own.

If that sounds exhausting, get this: By January 1994, Manning plans to be doing the same for 69 children. And he's happy about it.

Happy because ground-breaking started yesterday on a project he and his wife, Juana, have been talking about for seven years. They are finally going to be able to move her 11-year-old day-care business out of their five-bedroom South Seattle home and into a new site in the Genesee neighborhood, one big enough to admit part of their long waiting list.

Juana Manning will actually get the wall space she needs to hang up the thousands of photos she has of children she has cared for over the years. John Manning will have six burners and two ovens with which to cook breakfasts of grits, eggs, buttered rice and hot oatmeal. There'll be separate classrooms for different ages, and eight new staff members to care for the children.

It's an ambitious project. Just getting the loans approved was a challenge. As Webb Thomsen, the loan officer at Seafirst Bank who arranged the $ 376,000 loan, points out, this is a risky venture - day care and profit are words you don't usually hear in the same sentence.

With a lot of juggling, Thomsen and the Mannings came up with a package the bank could approve. The state is supplying a $ 25,000 grant, through a **child-care facility** fund, and a **loan** of $ 84,000. After construction, both the city of Seattle and the Small Business Administration will step in with loans to pay off building costs.

"As a rule, we're very hesitant to do this kind of thing," said Thomsen. "It took getting all these partners together to make it palatable."

"But Mrs. Manning is really the basis we are hanging our hat on. People are dying to get into her program."

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Juana Manning entered the day-care profession in a way many other women have. She started looking for day care for her second child and found she couldn't afford it. She decided to stay home and take in friends' children, charging less than the going rate and devoting her energies to teaching the kids during the day.

Through word of mouth - she never advertised - parents heard that Manning took kids on field trips, to the aquarium, the park, or the zoo, and that she made efforts to teach them something about other cultures, through music, dance and books.

"I was turning people down constantly," said Juana Manning. "We decided it was time to move on and that we needed a nice big place."

John Manning had his eye on the spot for a long time. It's a lot on 36th Avenue South, close to bus stops - many of the parents who use the Manning center rely on public transit - and right next to the Southeast Seattle Medical Clinic. They've worked out a deal with the clinic. In exchange for health screenings and quarterly ear, nose and throat checks for the children, the clinic's employees will have 28 spots reserved for their children at the center.

"This is another example of the revitalization that's happening in Southeast Seattle," said Mary Jean Ryan, the director of Economic Development for Seattle. "It's definitely a win-win situation for us."

For Juana Manning, the win is in expanding a service she knows her community needs, while simultaneously expanding her extended family. The new center will have more room for disabled children, a group she has always wanted to work with.

One of John Manning's chief duties as a police officer is running the crime-enforcement side of the federally funded Weed and Seed crime-fighting and social-services program. He agrees that what has been happening in his own home is a healthy dose of the seeding process.

"Putting people in jail does not always work," he said. "It's like putting on a Band-aid."

The seed part of weed and seed has to start early, and he says, "it's got to be done with love and kindness."

"Sometimes I don't know where my personal life ends and the job begins again."

GRAPHIC: PHOTO BARRY WONG / SEATTLE TIMES: JUANA AND JOHN MANNING WILL BE MOVING THEIR CHILD-CARE BUSINESS OUT OF THEIR HOME AND INTO A NEW SITE IN THE GENESEE NEIGHBORHOOD.

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A new housing program is a sign that America's largest charity is trying to keep up with the times.

To the millions of people who make contributions at their workplace every year, the nation's 2,100 local United Ways are as all-American as the Boy Scouts or the local YMCA. To a growing band of critics, however, the United Way is a tradition-bound dinosaur in the evolving world of charity.

Last year, the United Way of America-- the charitable network's national parent-- was shaken by a scandal over lavish spending and mismanagement that toppled its long-time president, William Aramony. The fallout from that debacle, along with the recession and continued competition from "alternative" charities focusing on popular '90s causes like children and the environment, added up to the first decline in contributions to United Way since World War II, as much as 20 percent in some local affiliates. Nevertheless, the $ 3.17 billion United Way took in last year--up from $ 1.5 billion in 1980--was still roughly double what the nation's next largest charities collected.

Meanwhile, the local United Ways, which do their own fundraising and pass a portion on to the national organization as annual dues, have been mulling organizational changes, including cutting loose the old-line social service agencies they've supported for decades in order to redirect the funds to causes with more local appeal. The local groups have also redoubled their efforts to distance themselves from the United Way of America, which itself is in the midst of a serious housecleaning.

"A variety of forces out there are causing United Ways to think about who they are and where they should go," says Cheryl Buford, a senior associate of the United Way of America, whose headquarters are in Alexandria, Virginia. Neither affordable housing nor community-based organizations have been traditional recipients of United Way money, leading many critics to charge the organization with neglect of critical urban needs." Giving money to suburban Boy Scout troops means inner-city problems aren't dealt with," says Pablo Eisenberg, director of the Washington-based Center for Community Change, which helps organize neighborhood-based groups.

Housing initiative

Even before last year's scandal, quiet changes were taking place in United Way. One little-noticed development was the 1987 launch of a five-city "housing initiative program' underwritten by the Ford Foundation. The program is intended to encourage local United Ways to work with community development corporations, which became national leaders in building low-income housing during the 1980s.

The model for the initiative was Boston's Neighborhood Development Support Cob laborative, which was created in 1986 by the United Way of Massachusetts Bay and the Boston Local Initiatives Support Corporation. The United Way supplied $ 1.8 million in funding and the Ford Foundation put in $ 1.5 million, with additional funding from other groups. In turn, the collaborative has provided operating support to 13 CDCs, which have completed 3,000 units of housing, are constructing another 1,200, and are planning 300 more. This month, nine of the CDCs will become permanent affiliates of the United Way, making them eligible for annual operating grants of up to $ 70,000 (or about 10 percent of their budget). The others are also expected to apply for membership.

"If all the local United Ways were as foresighted as Boston's," says one local CDC leader, "there wouldn't be as much acrimony about United Way's role as there is. Boston's United Way has moved into the 1990s. Some of those other people still think they live in the 1950s. They don't understand the South Bronx or Roxbury. They don't want to deal with them or the lousy housing or the drugs and the gangs. They're more comfortable with a nice white Boys' Club in Westchester that needs a tennis court."

The Boston group has also undertaken a $ 5.4- million child care initiative that includes a $ 2 million revolving **loan** fund for capital improvements to **child care facilities** and a career institute to train providers.

In 1987, the Ford Foundation gave United Way of America a $ 1.5 million grant to replicate the Boston project. The national organization, in turn, provided $ 100,000, three-year "challenge" grants to affiliates in five communities--Chicago; Houston; Rochester, New York; Pontiac, Michigan; and York County, Pennsylvania, to create their own housing partnerships.

The five affiliates used their grants to leverage $ 17 million--more than $ 14.5 million in cash and $ 2.4 million in in-kind contributions from 30 local sources. About 50 CDCs have been involved in the national program, which so far has resulted in the construction or rehabilitation of over 4,000 housing units, with another 3,000 planned or under way.

An assessment of the program done last year by Levine Associates, a consulting firm in Brookline, Massachusetts, was generally positive, concluding that the effort "clearly indicated the high value of the United Way system's entrance into the affordable housing arena." Its report noted that United Way's contributions "lie in its unique ability to serve as convener, legitimizer and leverager of resources." But to have any substantive impact, it added, the charity must make "a continuing and long-term commitment" to affordable housing.

Meanwhile in Boston, staffer Kim Comart says officials of the local group are "taking a hard look at the types of agencies we support and fund, and reviewing the criteria." In Boston and elsewhere, he says, neighborhood revitalization strategies supported by United Ways in the future are likely "to revolve around holistic approaches," involving multiple agencies and techniques. changing times The modern United Way grew out of the local Community Chest charities of the 1920s, borrowed the payroll deduction system from the war bond campaigns of the '40s, and achieved dominance in part by filling the needs of prestigious national charities such as the American Red Cross, Catholic Charities, and the Boy Scouts. Taking part in United Way drives gave companies a painless way to be charitable. Corporate executives were happy to sit on their boards because United Way's mainstream nature rarely involved controversial causes.

The arrangement more or less worked for decades. Local United Ways conduct annual fundraising drives, and regular community needs assessments help determine how the money is spent. Non-profit recipients become permanent United Way members, guaranteed a predictable stream of support annually Nationally, some 44,000 non-profits receive United Way support and more than 2,000 new organizations are added to the list every year.

In all, United Way, collects 90 percent of the money given in the workplace. But in 1981, the Supreme Court ruled that the national group must allow other charities to solicit donations from federal employees. Since then, United Way's share of contributions by federal workers has fallen from 70 percent to 30 percent. In recent years, the United Way has gotten competition from a growing list of alternative charities, hundreds of groups that deal with everything from neighborhood crime prevention to gay and lesbian issues. Last year's management scandal chipped away a little more at the group's near-monopoly on corporate giving.

Part of the organization's response has been to move into areas that it shied away from in the past--including housing. A 1992 survey of 400 local affiliates by the national United Way found that, since 1989, the amount dedicated to housing by the local groups had increased 56 percent to a total of $ 24.2 million. The survey also found that participation in housing task forces and partnerships had tripled during the same period, and that local United Ways had increased by a third their funding for programs concerning homelessness--bringing the total to $ 58.4 million.

In Boston, Chicago, and other cities, United Ways are now providing annual operating grants to community development corporations and enrolling some of them as permanent members to receive automatic annual funding. Other United Ways have put together revolving loan funds or trust funds to finance housing development. Still others are providing money for such programs as training for tenants and first-time home buyers. United Ways generally have shied away from providing financing for specific housing projects. "Our expertise isn't in real estate development but in overseeing non-profits," notes Cheryl Buford.

Some United Ways are also taking the lead in lobbying for new housing programs--a job they are well suited for, supporters say, because of their high-level business and government contacts. The record, so far, is mixed. In Ohio, the United Way set up a group called Cincinnatians for Affordable Housing to campaign for voter approval of a state-wide housing trust fund. The measure passed in November 1990. But a year later in Everett, Washington, a United Way-led effort to pass a 10 cent property tax increase that would have raised $

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65 million over 10 years for affordable housing was defeated.

Many United Ways--in Minneapolis and Fort Worth, for instance--are playing a key role in creating community partnerships involving local development corporations, lenders, and government agencies to plan, finance, and build affordable housing. And some are even acknowledging the criticism that their funding priorities are divorced from real community needs. In a few cities, local affiliates are challenging a basic United Way tenet and putting an end to the practice of guaranteeing annual funding to a select list of permanent member agencies.

Denver's United Way is one of those doing away with member agency status. In the future, it will provide funding to a changing cast of non-profits based on community needs and priorities. The group is being advised by John McKnight, a Northwestern University urbanologist who views community-controlled institutions as the key to local change. A similar change is taking place in Boston.

All this is good news to neighborhood activists ready to welcome any new partner, especially one as well-heeled as United Way. The organization's housing initiatives are "potentially of enormous importance" to community development corporations, says Buzz Roberts of the Local Initiatives Support Corporation in Washington. "United Way is a crucial opening for CDCs. They need access to mainstream, ongoing support." Adds Bud Kanitz, director of the Washington-based National Neighborhood Coalition, "United Way gives something of a Good Housekeeping seal of approval that helps open the door to other funders."

Meanwhile, critics contend that United Way's housing effort is a drop in the bucket for an organization that annually raises several billion dollars, and that the charity is still the same old tiger with the same old stripes. "There's still a lot of insensitivity to community issues within the United Way," says one prominent affordable housing advocate who has worked with the organization in several cities. "The boards are dominated by ladies and gentlemen from the suburbs who don't understand the inner city."

Another critic, Robert Bothwell, director of the National Committee for Responsive Philanthropy, scoffs at the effort to funnel money and assistance to community development corporations as "a token initiative" and says United Way continues to do "very little" to aid low-income housing. Bothwell argues that if United Way is unwilling or unable to make a far larger commitment to neighborhood-based development, it ought "to get out of the way"' and allow charities interested in raising money for those and other purposes into the workplaces it now monopolizes.

Proof of the pudding

There are still plenty of questions about United Way's commitment to low-income housing, particularly whether its efforts will spread beyond cities where outside funders like the Ford Foundation have come up with most of the cash. Pablo Eisenberg of the Center for Community Change speaks for many observers in expressing a "wait and see" attitude about the housing program.

The extent of United Way's commitment could be determined by its efforts in cities like Houston, where a serious low-income housing shortage has been ignored for years. The sprawling city of two million has some of the nation's

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most deteriorated neighborhoods, negligible public support for low-income housing, and a reputation for discriminatory lending practices. It also has only eight community development corporations. "Houston is one of the toughest nuts to crack in the country," says one local housing expert, who has been frustrated by the city's chronic neglect of housing and the glacial movement of non-profits, bankers, and charities like United Way.

In 1987, the United Way of the Texas Gulf Coast took the lead in organizing New Foundations, the local collaborative that's part of the national housing initiative program. The collaborative has agreed to give three local community development corporations an average of $ 50,000 a year for three years and to provide technical assistance, particularly in real estate development. Three separate housing developments with a total of just over 100 units are now in the works.

The effort is minimal, however. Houston's United Way has contributed only $ 79,000 in cash as its share of the housing initiative (although it gave $ 44.8 million to 71 local non-profits in 1992). The local observer quoted above also doubts that the program will result in sorely needed empowerment of the city's blacks and Hispanics since the United Way hierarchy "exemplifies the old boy network" and "isn't interested in empowering anybody that can rock the establishment's boat."

Chicago's United Way housing initiative, which involves 11 community development corporations, is more promising. In this case, the local United Way has provided $ 10.6 million of a total budget of $ 18 million. "From our perspective, anything that's going to happen in low-income housing will depend on the non-profit sector," says Roger Fox, vice-president of planning for the United Way of Chicago, explaining why the group signed on to the initiative. Three CDCs have already been made full United Way members and seven are in the process of coming on board.

The Chicago United Way recently drafted a mission statement that suggests that the organization should become a low-income housing advocate and an umbrella group to coordinate the various interests involved. But whether that will happen is another story. One local CDC leader recalls that this is, after all, the same United Way that offered neighborhood groups $ 25,000 grants to cut short their own fundraising drive--which they had undertaken because they weren't making headway with the United Way.

Three other communities are also taking part in the housing initiative. In Rochester, New York, a $ 1.5 million program is expected to produce some 500 housing units. In Pontiac, Michigan, four CDCs are involved in a $ 423,000 program intended to stabilize declining neighborhoods. And in York County, Pennsylvania, more than 300 low-income units have been built as part of a $ 1.8 million program. The York County example is unusual because in this case the local United Way set up a subsidiary that has actually built several dozen housing units.

In these places and others, the potential for opening up even a fraction of United Way's billions for use by community-based groups is immense. But the hard question remains: Can organizations like the embattled United Way of America and its tradition-bound local affiliates make themselves relevant to the areas they've so long ignored?

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