Preliminary Report

Maryland Child Care Business Partnership

June 30, 1999

Table of Contents

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EXECUTIVE SUMMARY

Building on his pledge to improve the quality of life of Maryland families, and to further support Maryland's continued strong job growth and the successful transition from welfare to work, Governor Parris N. Glendening issued an Executive Order on October 6, 1998, to establish the Maryland Child Care Business Partnership.

The Partnership, comprised of 23 members representing business, labor, State and local government and the child care community, is charged with assessing the child care needs and resources in Maryland, surveying other states to identify innovative child care programs and strategies, and developing a plan by which matching public funds will be made available through the Department of Human Resources for initiatives that have employer and community support and that increase the availability of child care especially for low-wage workers.

Child Care Needs of Maryland Families

Approximately 61% of children under age 12 in Maryland have mothers in the workforce. According to the 1990 census, this means there are 542,420 children who are in need of care for at least part of the day. Factors such as income, work hours, ages and needs of children, and personal and community resources determine how Marylanders are able to meet their families' child care needs.

The U.S. Department of Health and Human Services recommends that parents should not spend more than 10% of their family income on child care. In Maryland, low-income families may have to spend as much as 30% of their income on child care. It is often the second or third highest expense after housing, food, and taxes. For this reason, child care may not be affordable for many low-wage employees even when its readily available in their communities or at their work-sites.

Parents of infants and toddlers must pay the most for child care. The average monthly cost for infant care is $424 in a family day care home and $640 in a child care center. Families with special needs children may have difficulty finding care at all. For a parent with a school-aged youngster, child care must be located near the child's school or transportation to and from the facility must be available. Hours of care are often not as flexible as families need, with only 10% of all caregivers in Maryland licensed to provide evening and overnight care. Families also need a way to care for sick children and to obtain emergency care when the arranged child care is disrupted for some reason.

Child Care Resources in Maryland

Maryland has more than 12,122 family day care homes and 2,265 child care centers with a capacity to serve more than 200,000 children or approximately 37% of children under age 12 with mothers in the workforce. A number of the youngsters who are not in regulated care may be cared for by relatives or other informal caregivers such as nannies.

The supply of regulated child care and the cost of care varies greatly by jurisdiction and region of the State. The Lower Eastern Shore and Western Maryland counties have the fewest facilities and the highest ratios of children per regulated space in the State. Montgomery, Prince George's and Baltimore Counties have the largest number of centers and child care homes. The average cost of child care is highest in Montgomery and Howard Counties and lowest on the Eastern Shore.

The State of Maryland, through the Departments of Human Resources and Business and Economic Development, administers programs to assist families, providers of care and employers in obtaining and providing quality child care programs. The Purchase of Care program provides direct subsidies to offset the cost of care for families with incomes up to 40% of the State median ($26,709 for a family of four). The Earned Income Tax Credit also assists low-income families by giving them more disposable income, which they can use to help pay for the cost of care.

The Child Care Administration, in addition to licensing and monitoring all the regulated child care facilities in the State, provides training for child care providers, consumer education, and funds a Statewide Resource and Referral Network. The Day Care Financing Administration provides loan guarantees and a special loan fund to child care centers to develop and expand facilities.

Child Care Concerns from an Employer's Perspective

Employers are becoming increasingly aware that addressing the child care needs of their workforce is important and makes good business sense. With the dramatic increase in the number of families headed by single parents or two working parents, the availability of child care can be the determining factor as to whether a parent can work.

Maryland businesses represented on the Partnership recognize that getting involved in child care can improve recruitment and retention of workers, reduce absenteeism and tardiness, and improve job performance and productivity. However, the question that businesses face is how to get involved. Workforce needs, resources and employer capacity vary greatly. Of primary concern is <u>flexibility</u>, such as the availability of evening, weekend or drop-in care to meet the needs of part-time employees and those who are not on traditional work schedules. An additional concern is <u>affordability</u>. Low-wage employees must have the same opportunity for access to existing child care resources as higher paid staff. In some jurisdictions and for some age groups, notably infants and school-age children, availability of care is also an issue. Availability of care is a major barrier noted by a partner on the Eastern Shore where employees must travel long distances between home, work and child care.

Strengthening Public/Private Sector Initiatives in the State of Maryland: Recommendations and Next Steps

In response to this preliminary analysis of child care needs in Maryland, the Partnership is proposing the following activities:

- Strengthen the Partnership by recruiting additional partners from industry, finance, retail, labor and the telecommunications industry;
- Explore the development of consortia of businesses to address common needs for care;
- Make greater use of technology to educate employers and the general public on what child care resources are available;
- Disseminate information throughout the State on best practices in child care and explore how such programs can be funded;
- Foster the development of local public-private partnerships throughout the State;
- Collaborate with key professional associations and include information in their member communications;
- Establish a point of contact for employers on child care issues;
- Develop a monthly message and fact sheet for employers with data on the economic impact of investing in child care.

Like consumers of child care, employers need greater access to information regarding child care resources so that they can assist employees and examine the role they can play in addressing the child care concerns of their staff. If you would like information regarding the Maryland Child Care Business Partnership, please contact Linda Heisner, Executive Director, Child Care Administration, 311 W. Saratoga Street, Baltimore, MD 21201 or lheisner@dhr.state.md.us.

Maryland Child Care Business Partnership

The Maryland Child Care Business Partnership was established in October 1998 by Governor Parris N. Glendening to bring together leaders from the public and private sectors to address the child care needs of limited income working families in Maryland. The Governor's Executive Order and a list of the members of the Partnership are contained in the appendix.

Maryland is acknowledged as one of the longstanding leaders in the provision of high quality child care to its citizens. Nonetheless, there are concerns that not all parents have access to high quality, affordable child care. This is especially true for parents earning low wages and those making the transition from welfare to work.

Governor Glendening charged the members of the Maryland Child Care Business Partnership (MCCBP) with assessing the child care needs of low-wage working families, reviewing innovative strategies to meet these needs, and recommending ways in which Maryland might proceed to adapt and implement these strategies to meet the State's needs. This preliminary report reviews the Partnership's progress on the first two tasks: providing an examination of the current needs and resources and identifying promising practices.

Following the lead of a national business group focused on low-wage workers, we use the terms "low-income," "limited income," and "low-wage workers" to mean workers whose annual take-home pay puts them in the bottom quartile of Maryland workers. This income range covers families from the poorest workers, such as those leaving welfare and earning minimum wage ($10,712 a year), to those earning up to $25,000 a year. As will be discussed below, child care solutions that are useful to middleclass workers may not be accessible to low-wage workers. Likewise, solutions that work for families in the upper range of the low-income group may be out-of-reach to the poorest of the working poor.

The Demographics of Child Care in Maryland

The child care delivery system in Maryland, as elsewhere in the United States, consists of a complex array of services, some regulated and some not, that have emerged over the past five decades as mothers increasingly entered the workforce. The child care delivery system includes family child care providers, child care centers and group programs, informal care (relatives, friends, neighbors), parental care ("tag team" parenting), before and after school care, Head Start, kindergarten, and EEEP (Extended Elementary Education Program). Except for children in self-care ("latch key" children), these child care arrangements are called on to care for the 542,420 Maryland children under age twelve, of all income groups, who require care while their parents are at work. See Table 1 for the capacity of programs in Maryland's child care delivery system.

Table 1

Children's Programs by Type with Capacity/Enrollment

Type of Program	Number of Programs	Capacity
Family Child Care Providers	12,122	80,816
* CCA Licensed Group Programs	2,265	119,731
8 - 12 Hour Child Care Centers	1,258	74,588
Infant/Toddler	359	4,438
Part-Day	482	N/A
Before/After School (school & center-based)	1,459	N/A
Small Centers	76	N/A
Employer-Sponsored Centers	34	5,517
Youth Camps	313	N/A
Nursery Schools	386	N/A
Kindergarten	376	N/A
**Head Start	216	enrollment: 9,477
***EEEP	275	participants: 11,000

** NOTE: Numbers do not total because facilities may have more than one type of program. Unless otherwise indicated, all programs are privately funded.*
*** = federally funded   *** = state funded*

Source: MCC/LOCATE, 7/98: Child Care Administration/Maryland State Department of Human Resources (CCA); Maryland State Department of Education (MSDE).

Reprinted from *Child Care Demographics: 1999 Maryland Report*, Maryland Committee for Children

Finding and evaluating child care is challenging for all parents. This is particularly true for limited income parents who must deal with additional constraints, primarily cost barriers and the mismatch of schedules between most child care services and the fluctuating hours of many low-wage jobs.

Cost, Non-standard Work Hours, and Other Barriers to Child Care for Low-income Families

Child care is a labor-intensive service and, despite very low salaries for providers, high quality child care does not come cheap. The average weekly cost of full-time child care in Maryland is $106 for an infant in a family day care home; $98 for a preschooler in center-based care. The cost of placing two children, an infant and a preschooler, in licensed care in Baltimore City was approximately $9,589 in 1998.

Table 2

Average Weekly Cost of Full-Time Child Care

Maryland:

	Family Child Care Programs	Child Care Centers
0 - 2 yrs.	$106.04	$158.92
2 - 5 yrs.	$89.71	$97.93
School-Age*:	$82.66	$91.58

Source: MCC/Locate. 7/98.

** Family child care provider, center or school-based settings for school age children licensed by Child Care Administration: programs offered before and / or after school hours and during school holidays and vacation.*

Reprinted from *Child Care Demographics: 1999 Maryland Report*, Maryland Committee for Children

A parent working full-time at a minimum wage job earns about $206 a week, or about $10,712 a year. Recent information about families moving from welfare to work in Maryland indicates that income levels for many are in this range. Of the 63% of former Maryland welfare recipients who reported some employment since leaving public assistance in 1996 and 1997, on average, these workers would have earned $9,536 if they worked for the entire year at the reported wage level.[1] Obviously, they cannot purchase licensed care without assistance.

Scheduling barriers also constrain the child care options of limited-income and entry-level workers. Many entry-level and low-wage jobs involve evening hours, shift work, and/or rotating schedules. Data from the 1990 National Child Care Survey indicate that, nationwide, one-third of working-poor mothers (incomes below poverty) and more than one-fourth of working class mothers (incomes above poverty but below $25,000) worked weekends. Almost half of working-poor parents worked on a rotating or changing schedule.[2]

However, in Maryland, less than 10% of caregivers are licensed to offer evening or overnight service. Parents often deal with this mismatch by seeking informal care from relatives, friends, or neighbors. These arrangements are fragile and more prone to breaking down than other types of care. Low-wage workers using informal care express less satisfaction with their care than do limited income families using other forms of care. Furthermore, low-income families have greater reliance on multiple arrangements than do families with greater financial resources.[3]

In addition to cost and scheduling barriers, transportation difficulties constrain child care choices for low-wage workers. Many low-wage workers do not own a car and must rely on public transportation. This further limits their choices as they must find care that is accessible by public transportation and preferably located on the same commuting trajectory as their place of employment. Parents in rural areas face related challenges involving the general absence of public transportation and the distances between home, workplace, and child care facilities.

How Many Families in Maryland are Affected?

Income statistics for Maryland indicate that a large number of families are affected by the constraints outlined above. In 1990, there were 41,698 children under age five in families living below the poverty level in Maryland. That number had risen to 51,752 in 1995, according to U.S. Census Bureau estimates. The total number of children under age eighteen living below the poverty level in Maryland in 1995 was estimated at 171,746. Furthermore, many additional children live in families with incomes above poverty, but still constrained by limited financial resources. The distribution of households according to their median household effective buying income (EBI) indicates that more than one-quarter of Maryland households live on less than $25,000 a year:

Table 3

Family Income

Median Family Household Income (1989): $ 45,034

Source: U.S. Bureau of the Census, 1990 Census. Prepared by MOP, April 1992 based on STF 3A. Measurements of income are based on income received from the previous year.

Median Household Effective Buying Income (EBI): $ 40,543

EBI Distribution	Percent Households
under $15,000	14.3%
$15,000 - $24,999	13.4%
$25,000 - $49,999	34.8%
$50,000 - $74,999	23.1%
$75,000+	14.4%

Source: Reprinted by permission: Copyright © Market Statistics, 1997. Demographics USA-County Ed. Median Household Effective Buying Income (EBI) is not directly comparable to 1997 or earlier reports.

Reprinted from *Child Care Demographics: 1999 Maryland Report*, Maryland Committee for Children

As the Family Investment Program (Maryland's welfare reform initiative) and the strong economy bring more parents of young children into entry-level positions and the low-wage labor force, the need for child care is increasing. The question is how to provide that care so that it sustains employment and nurtures the next generation of citizens.

Programs in Place in Maryland

Maryland currently has in place a number of programs designed to help limited income families gain access to high quality care – the Purchase of Care subsidy program, Head Start, and EEEP (the Early Elementary Education Program). Although there are some "wrap-around" programs and all-day pilot programs associated with Head Start and EEEP, these are essentially half-day, enrichment programs designed as interventions to ensure the school readiness of children at risk of not receiving the pre-school experience necessary to be ready to learn in kindergarten and first grade.

The Purchase of Care (POC) program, Maryland's child care subsidy program, assists low-income families in paying for care. POC, funded by federal and State general funds, gives an eligible family a voucher for each child needing care. Some families receive vouchers for the full cost of care, but most families must contribute a co-payment of up to 43% of the cost for the first child and 33% for the second child.

Eligibility for POC is determined by income. To be eligible for a full subsidy, a family must be receiving Temporary Cash Assistance or be eligible based on income to do so. For a family of three, this means the income limit for a full child care subsidy is $13,880. A partial subsidy, requiring a family co-payment, is available for higher income levels. The income limit for a partial subsidy for a family of three is $22,463. Such a family can retain the subsidy until its income reaches $26,709.

In addition to State programs, county-level programs can assist limited income parents. Montgomery County's Working Parents Assistance Program (WPA), a public-private collaboration, is one county's commitment to help working families striving for self-sufficiency. Over time, this program has provided child care subsidies to families on the POC waiting list, when there was one, and to working families whose incomes exceed the POC guidelines. Currently, WPA is serving more than 1,000 children per month and has a waiting list of more than 450 families.

Besides financial assistance, all parents in Maryland have access to free child care information and referral through the statewide network of thirteen regional child care resource and referral centers (CCR&R's) known as the Maryland Child Care Resource Network. CCR&R's provide guidance on locating and selecting child care and advise families about any child care subsidy or other assistance program for which they may be eligible. This is one avenue through which POC-eligible families can learn about the subsidy program.

Resources of another kind – financing for the development, expansion, and enhancement of child care facilities—are available from the Department of Business and Economic Development's Day Care Financing Programs. These programs offer loan guarantees that make it possible for organizations that could not secure a loan independently to have access to commercial lenders. The Day Care Financing Programs are an important element in maintaining an adequate supply of high quality care in the state.

In addition to publicly funded programs, private businesses are making contributions to meeting the child care needs of Maryland's families. Business responses include:

- offering Dependent Care Assistance Plans (DCAP's) which allow workers to pay for child care with pre-tax dollars;
- providing on-site child care at the workplace;
- subsidizing care in off-site centers by arranging registration and tuition discounts; and
- providing access to resource and referral services.

While these corporate programs have been popular with many employees, employers recognize that their impact on low-wage employees has been slight. Low-wage workers are frequently not able to use the company's on-site day care center or other child care arrangements due to their cost or to schedule mismatches. To a large extent, the first wave of employer assistance programs assumed participation in a segment of the child care system that was out-of-reach or otherwise inappropriate (e.g. not in operation during non-traditional work hours) for many low-wage workers. In response to this, concerned employers are looking for ways in which to assist low-wage and shift-work employees.

Promising Practices

Several research organizations have focused attention on the child care needs of low-income workers. The Families and Work Institute, a non-profit research organization, convened the Employer Group, which is composed of about twenty national companies that employ large numbers of low-wage, entry-level, or hourly workers. The Group is interested in addressing the work-family needs, especially the child care needs, of the low-wage segment of the workforce.

The Employer Group includes businesses from five types of industries: hotel and hospitality, food service, retailing, manufacturing, and administrative support at financial institutions and insurance companies. Their low-wage workforces represent a great diversity of education and skill levels, age, minority status, family composition, national origin, job histories, and welfare experiences. As noted above, the Employer Group defines "low-wage" as take-home pay in the bottom quartile of American workers (below $25,000 or $28,000, depending on definition.)

The Employer Group concluded its preliminary efforts by issuing a statement of key findings and suggested actions. These offer useful direction for groups such as the MCCBP and are included in the appendix. The Employer Group's finding and suggested action on child care were:

> *Finding: Options for affordable, safe and high quality child care are vital for our employees and their children. Such care comes in many different forms: child care centers in their communities or on-site at companies, family child care arrangements, care by a relative or friend or care by parents who work different shifts so that there is always a parent at home. There are no easy fixes. Sometimes it is assumed that on-site child care is an appropriate solution, but that does not always work for everyone. As employers, we must recognize that parents make these choices for many reasons. We can devise ways to support their choices that enable them to do their jobs and support their families, knowing that their children are well cared for while they are at work.*
>
> *Action: There are many ways we can help employees in low-wage jobs to ensure that their children are in quality, affordable care while they are at work. We can offer resource and referral services in multiple languages that have a variety of options; we can support programs that provide education and training for family child care providers and others in the community; we can institute DCAPs (Dependent Care Assistance Programs) that allow employees to pay for care with pre-tax dollars; we can develop on-site or near-site centers that have affordable fees or sliding scales so that they are an option for all of our employees; we can help them access public subsidies; we can develop flexible schedules that take into account people's child care needs; we can work with our employees to determine the best possible options.*[4]

Some of the most promising efforts, undertaken by businesses around the nation, to help families across all income levels evaluate and pay for child care are reviewed below. Many of these acknowledge the financial burden posed by child care costs; they offer sliding scale fees or partial subsidies for care. Although these solutions – designed for middle class families – may not entirely meet the needs of low-wage workers, they offer a starting point for addressing the child care needs of limited income families. What is needed, in most cases, is a way to build on these child care solutions in order to make them available *at minimal cost* to low-wage workers.

The following overview of promising practices draws largely from a recent review of best practices conducted by the Families and Work Institute (and disseminated in a U.S. Treasury report) and a report on best practices in child care issued in 1998 by the U.S. Department of Labor.[5]

Child Care Resource and Referral

Child care resource and referral can serve two special functions for low-wage workers. First, it can provide information about available public and private subsidies for child care. National reports indicate that many low-wage workers are unaware of the subsidy programs available to them.[6] This may be less of a problem in Maryland than elsewhere since the Maryland Child Care Resource Network has been offering free resource and referral services for a decade and has recently expanded to include thirteen regional CCR&R's.

Second, CCR&R's can help bring together multiple employers in a region to jointly address the needs of their workers and/or the community at large. Such consortiums open more possibilities for small and medium size employers and for those in rural areas. In addition, where insufficient supply of child care is identified as a problem – as is the case with infant care and school age care throughout Maryland – CCR&R's can work with local businesses to facilitate development of new facilities and/or training of child care professionals. This was the case in Fayetteville, Arkansas, where a CCR&R funded by Levi Strauss worked to increase the supply of infant care for Spanish-speaking families.

Flexible Workplace Policies

The workplace has undoubtedly become more family-friendly in the past decade. Employers have instituted changes that help workers achieve a better balance between work and family life. These policy changes have helped businesses retain valued employees, reduce costs for hiring and training, reduce absenteeism and tardiness, and improve productivity. However, changes in workplace policy have primarily benefited white collar and upper-tier workers, whose jobs allow them to telecommute, compress their work week, or use flex time or unpaid parental leave. Many of these options are irrelevant to shift workers, service personnel, etc. And, as noted elsewhere, company owned or subsidized child care options may be too expensive for limited income families.

Employers of low-wage workers know that workplace culture is important to the well-being of *all* employees. Employers witness the stress experienced by low-wage workers as they attempt to balance work and child rearing with limited resources. This is seen in turnover rates among low-wage workers, as well as in drop-out rates in job training programs. Businesses are looking for innovative solutions to this problem, such as the one that emerged from a computer training center for people entering or re-entering the workforce in Arnold, Missouri.

The Computer and Business Institute in Arnold has only three full-time workers, six or seven part-time workers and approximately fifty students. Under its "old" structured class schedule, many students with family responsibilities were missing class and ultimately dropping out. So, the co-owners instituted a flextime program for staff and students. Now, they can complete their class work in any six hours between 8 a.m. and 4 p.m. If a student needs to miss class entirely to care for a sick child, the time can be made up over the course of the next month. The program has been very successful in helping students balance their family responsibilities and career goals.

This is the kind of program the Employer Group was referring to in its finding about job flexibility. *Employers reported that what employees request the most is some degree of flexibility* that will allow them to meet the demands of work and family. They recommended that employers re-think how they organize jobs in order to give workers some control over the schedule of their work days. The MCCBP will continue to investigate workplace policies that offer prospects for increased flexibility.

Public-Private Partnerships

Several of the most promising – and large-scale – developments in the provision of child care have taken place under the auspices of public-private partnerships. In both Colorado and North Carolina, statewide initiatives have been designed to address child care needs by bringing together the resources of government, business, and local communities.

North Carolina has one of the nation's most ambitious programs to provide high quality, affordable child care (as well as access to health care and other support services) to every child. In each participating county, public and private sector leaders work together to assess needs, develop a plan to meet them, and provide joint funding for needed early childhood services, including child care. This initiative, called Smart Start, is funded by a public-private match in which the state appropriates 90% of the funds which are matched by 10% from private sources. 30% of Smart Start funds are used to help families purchase child care.

In Colorado, Governor Roy Romer appointed corporate leaders to the Colorado Business Commission on Child Care Financing. In consultation with other stakeholders, the business leaders developed a long-range plan for early education. Acting on the Commission's recommendations, the Colorado legislature established a permanent Commission to work on implementing reforms, including the establishment of a multi-bank community development corporation to provide loans and other financial assistance to child care providers. The legislature has also passed several bills to provide more financial support for early care and education.

In Florida, the government and business leaders joined together to pass legislation designed to encourage public-private partnerships to support child care services. In fiscal year 1997-98, the legislature allocated $4 million for the program, in which the state provides a dollar for dollar match for private funds contributed to a child care fund. Employers can designate funds to help their own employees purchase child care, or they can contribute to a general fund used to help purchase care for low-income families in their community. More than $3 million has been raised from private sources so far.

Business and community leaders in Texas are working together, with support from the Child Care Work and Family Clearinghouse of the Texas Workforce Commission, to promote employer leadership on work and family issues, including child care. Clearinghouse grants of $5,000 have been awarded to a number of cities to assist them in establishing employer coalitions. Fledgling coalitions are being advised by three well established employer coalitions in Fort Worth, Houston, and San Antonio.[7] The MCCBP will watch the outcome of the Texas efforts to learn about initiatives specific to low-wage workers.

Public-private partnerships are effective because they bring together the strengths of both sectors to address a mutual concern. The private sector is invaluable to the effort because it brings business expertise and resources. Business leaders can provide advice about management practices, tax issues, human resource policies, marketing, and other business practices, while helping to provide financial resources to expand the supply and improve the quality of child care available in the community. Government and non-profit partners can provide early childhood expertise and knowledge about available services and gaps in care. Inevitably, the needs assessments conducted by these partnerships will shed light on the particular needs of low-wage workers.

Public-private partnerships have a further advantage. They combine funding sources in a singularly complementary way. Private sources are willing and able to provide seed money for creative ventures and pilot programs but are rarely in the position to fund full implementation of large scale programs. Government entities, on the other hand, often prefer to endorse programs with a solid track record, and, once on board, may be able to provide sufficient funding to expand the programs that provide low-income families with access to high quality child care.

Resource materials bearing on the development of public/private partnerships have been prepared by the Child Care Partnership Project. These materials include a fact sheet listing basic principles for creating and sustaining public-private partnerships, which could be useful in the implementation of a partnership in Maryland.[8]

Closer to home, Downtown Baltimore Child Care, Inc., now almost twenty years old, is an outstanding example of a public (city of Baltimore)/ private (downtown employers) partnership pooling resources to provide high quality child care to workers in Baltimore. Major funding to develop two child care centers has come from corporate sources and from the Day Care Financing Program operated by the Maryland Department of Business and Economic Development.

Corporate Partnerships

Businesses, or business and labor organizations, can ban together on a local or regional basis to improve the availability, affordability, and quality of child care accessible to their employees and/or the general community.

In New York state, the United Auto Workers union, General Motors management, and other local employers banned together to respond to the needs of workers in the Buffalo area. They surveyed workers and found that unmet child care needs were a barrier to working overtime and a cause of missed shifts. In response, the partnership of management and labor, now called the Western New York Family Care Consortium, offers child care services that include:

- before and after school care that opens its doors at 5:30 a.m., provides care on school holidays, and offers half day care to kindergartners. Employees of Consortium member companies have priority in enrollment and pay reduced fees.
- an extended hours child care center near the worksite for children six weeks old to twelve years old. The center meets the needs of second shift workers by staying open until 2 a.m. Again, employees of Consortium member companies have priority in enrollment and pay reduced fees.
- an emergency backup telephone network to connect parents with provides when their usual child care arrangements are interrupted.

The largest example of corporate partnership is the American Business Collaboration for Quality Dependent Care (ABC). The ABC is headed by twenty-two major corporations and involves almost 200 businesses, labor unions, government entities, and non-profit organizations. The ABC has invested almost $100 million to support child care and elder care programs in 68 communities since 1992. The MCCBP is investigating whether any of the ABC projects specifically address the needs of low-wage workers.

Another type of business partnership is the Business-to-Business Mentoring Initiative on Child Care. This initiative, being implemented by the Women's Bureau of the U.S. Department of Labor, is designed to:

- promote awareness among industry leaders that affordable and safe child care is a top concern for families, and
- connect employers with effective child care programs with other employers considering child care options for their workers.

This approach is promising in that business mentors are in a good position to gain the confidence of other business leaders, to make the business case for child care programs, and to share their experience in launching a business-based response to employees' child care needs. Employers with a predominance of low-wage workers will be able to learn from mentors employing a similar workforce.

Employer-funded Child Care Centers

A 1998 study estimates that there are more than 8,000 on-site child care centers at workplaces around the country.[9] Other centers, off-site at appropriate locations in the community, are sponsored by a single company or partnership of local companies. These centers have been a wonderful child care solution for many families, providing convenient, licensed care for their children. However, employers are beginning to see that these centers are not particularly helpful to low wage workers unless their fees are highly subsidized or reduced and unless the center's schedule can accommodate the fluctuating and non-traditional working hours that many low-wage workers keep.

Some companies have recognized this and taken steps to meet their low-wage employee's needs. In Atlanta, members of the hospitality industry – Marriott Marquis, Marriott Suites Midtown, the Omni, the Hyatt Regency Atlanta, and the Atlanta Hilton – came together to address the needs of the hourly-wage employees in Atlanta's service industry. They created Atlanta's Inn for Children, a child care center serving 250 children, that is open weekdays until midnight and also open on Saturday. It is noteworthy that the original plan was to offer center-based care 24 hours a day, seven days a week, but there was not sufficient demand for the third-shift care. Perhaps the reason is that, although many families receive subsidies for the care, it is not free; and many families have someone at home third shift who can provide care.

Elsewhere, members of the hospitality industry have recognized the need to help low-wage workers – room cleaners, cooks, bartenders, waiters, bell people, and food service workers who work a variety of shifts, seven days a week – pay for off-site child care. In California, the Hotel Employees and Restaurant Employees Union Local 2 and the San Francisco Union Hotels negotiated the Child/Elder Care Plan. Under this agreement, employers contribute fifteen cents for every qualified-employee hour worked, and union members receive reimbursements for four kinds of care:

- newborn care ($125 per month),
- child care for children ages one to fourteen ($60 to $100 per month),
- subsidies for youth programs such as after school care and summer camp, and
- elder care.

There are limited slots in each category, and requests are taken on a first-come, first-serve basis. In addition, free counseling and referral services are available twenty-four hours a day, seven days a week.

In Flint, Michigan, the UAW-GM Child Development Center, a joint labor/management initiative, provides full day care for children from infancy through age 13, on a 24 hour a day, six day a week schedule. After school care is provided for children from twenty-six local elementary schools. The center strives to provide excellent care, with lower staff to child ratios than the state requires and staff benefits that encourage professional development and low staff turnover. The center serves 14 GM plants and is licensed for 240 children. A separate summer camp program serves school-age children.

In New York, a labor union for health care workers joined with multiple employers to create an employer-funded Child Care Fund that is used to fully or partially reimburse workers for various child care services, including full day care, school-age care, etc. The program currently serves 6,500 children ages birth to seventeen years.

In the low-income area of Central Washington state, an apple packing cooperative, Trout-Blue Chelan, Inc., has established a low-cost child care option for its employees (two-thirds of whom are women) who work in its warehouse, many packing apples for $7.15 an hour. The company subsidizes an on-site child care center that is open whenever the warehouse is open – fluctuating hours that depend on the daily flow of produce. Parents pay $11 per day for child care, regardless of whether they work eight or ten hours, although there is an hourly rate for part-days. The company views this as a reasonable business expense, necessary to maintain a reliable workforce and get its perishable product to market.

Many other companies have responded to their employees' needs by offering reduced fees at company run or subsidized child care facilities to moderate and low-income families. However, the poorest families cannot afford even these reduced-fee services. For them, fully subsidized care, such as a program in Hawaii, is required. This program is an exception to the general trend to assist low-income parents by improving their access to the market-based child care delivery system. The Honolulu program was created specifically to meet the need of very low-income parents trying to gain self-sufficiency. Although businesses have not figured prominently in the Honolulu program, business leaders in Maryland could offer their resources to encourage and support similar programs here.

The city and county of Honolulu established ten neighborhood child care programs at county park facilities. Through the innovative use of county park facilities and personnel, and by partnering with Head Start and other community organizations, the county has been able to offer these new child care services at affordable or free rates. The Child Care in the Parks program is designed to provide the early education children need for optimal brain development as well as the child care and family support services parents need to become economically self-sufficient. At full capacity, the program will serve 359 children. At six of the sites, at least half of the children are from economically disadvantaged families.

The solutions reviewed above show that in situations involving child care for non-standard hours or families in a rural area, it may be most cost effective for a group of employers to join together in a consortium or for all stakeholders in a community to do so. There is some evidence, however, that even large employers and consortiums have difficulty maintaining enrollment sufficient to warrant 24 hour programs.

Backup/Sick Child Care

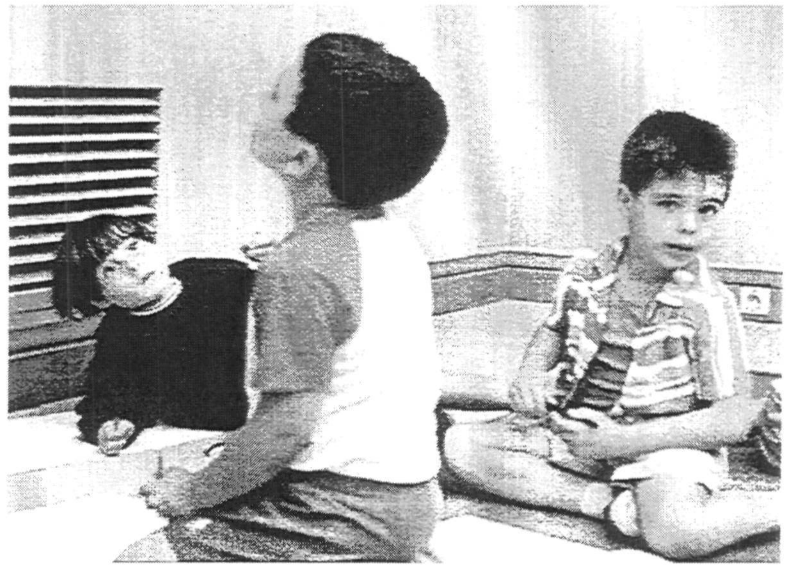
A problem for all parents and employers, the collapse of a regular child care arrangement is especially troubling for those in many low-wage industries where precise attendance is a critical success factor for many service or shift jobs. Furthermore, to the extent that low-wage workers rely on informal care (relatives and friends, often unpaid), they are likely to experience more frequent interruptions in care than more affluent families.

Several companies, notably New York Life, Eli Lilly, DuPont, and the National Bureau of Standards, have made provisions for their employees to have reduced-fee access to back-up child care. Texas Instruments, Inc. has a program of care for mildly ill children through which the company subsidizes 75% of the cost of a home health care worker to care for an ill child. The city of Mesa, Arizona, has a similar program in which the city subsidizes $12 per hour for home health care and the parent contributes $2 per hour. The city of Seattle fully subsidizes up to $300 per year per employee for this service.

As noted earlier, however, unless these arrangements are tailored to the particular needs of low-wage workers, they will not be useful to them. A $2 an hour solution is not likely to be seized upon by a $5.15 an hour worker.

School-age Care

Along with infant care, school-age care is one of the greatest unmet needs in Maryland's child care delivery system. Children from limited income families, and especially those from distressed neighborhoods, can benefit from the extra adult supervision, learning time, and enrichment of before and after school care. Although many corporate child care centers provide school-age care, availability and affordability limit access for children from limited income families. Currently, in Maryland, most after-school care, like infant care, is provided by family child care providers. There is, however, ample opportunity for businesses to support school-age child care by encouraging the development or expansion of programs at community institutions such as schools and community centers and by subsidizing care for employees.



Role of the Business Community

Our preliminary review indicates that Maryland has a strong foundation on which to build. We have a solid public subsidy program; we have significant business involvement in child care concerns; and we have statewide mechanisms for childcare resource and referral and for training of child care providers. This infrastructure has the potential to make high quality child care available to all the State's children. The question facing the Partnership is how businesses can help stimulate appropriate community responses to child care needs, especially those of limited income families.

In considering private investments in child care, the Partnership examined the business case for making this contribution to the well-being of employees and their families. As articulated by the Families and Work Institute in collaboration with concerned businesses, the central points of the business case are:

- Reliable, high quality child care reduces worker stress and absenteeism, which, in turn, improves productivity;
- Child care assistance and other supportive workplace policies enhance worker satisfaction, commitment, and discretionary effort on the job. In many industries, low-wage workers handle all contact with the public, and workers who feel valued and supported have been linked to higher levels of customer satisfaction; and

- Children who benefit from high quality care in early childhood will be more successful in school and will provide a more competent workforce for the future.[10]

Business leaders can play an important role by opening discussions with other employers in their communities about the needs of low-wage workers and the benefits to companies of helping workers meet these needs. The statement of the Employer Group, included here in the appendix, is a useful starting point for discussion of workplace issues, including child care, as they affect low-wage workers.

As our review of promising practices indicates, many employers now provide some financial assistance for child care. For low-wage workers, the question is *how much* assistance is necessary to provide access to quality child care. For limited income families, it may be that only a full or nearly-full subsidy will bring their children into the arena of high quality, regulated care. The Partnership will explore whether or not business leaders, bringing to the table both public and private resources, can be the catalyst for solutions in their communities.

This process will be facilitated by the proposal introduced in the Governor's Executive Order establishing this group. The Executive Order instructs this Partnership to create a plan to leverage public funds through matching grants to state and local initiatives that foster public-private partnerships in the effort to increase the availability of child care for low-wage workers. Businesses can take the lead in organizing local consortiums, funded through these matching grants, to address issues of child care funding for low-wage workers, as well as concerns related to non-standard work schedules, availability of care, and quality of care.

Research Support

While business and government have been working to implement programs to provide assistance to middle income and low-wage parents, the National Research Council and the Institute of Medicine, through their Board on Children and Families, have been reviewing the recent research on low-income families and child care usage. The studies reviewed by the Board on Children and Families tend to confirm the assumptions and concerns that have been guiding the work of the Partnership. In general, the studies, which are reviewed more fully in the appendix, find that:[11]

- Irregular and unpredictable work schedules lead to disruptions in child care and to greater reliance on multiple arrangements and on arrangements made with friends and family.

- Surveys of cost of care and disposable income reinforce the obvious: licensed care costs a high proportion of family income for low-wage workers, ranging from 33% to 78% for various low-income groups surveyed.

- Affordable child care is a decisive factor in promoting work effort among low-income mothers:
    - A 1994 study estimated that providing a full subsidy to mothers who pay for child care could increase the proportion of poor mothers who work from 29% to 44%, and that of near-poor mothers who work from 43% to 57%.

    - The study of mothers in California's welfare-to-work program (GAIN) found that the odds of dropping out of GAIN during the first year of participation were doubled for mothers who expressed dissatisfaction with their child care arrangement, who were using arrangements that did not meet established guidelines for staff-child ratios, or who did not trust the provider or the safety of their child care arrangement.

The Next Steps for the Business Partnership

Our review of child care options leads us to two conclusions. First, that the child care community in Maryland is among the strongest in the nation and that we have no lack of ideas concerning how to provide nurturing child care.

Second, the challenge of providing access to care for our less affluent families is urgent. Thousands of parents of young children are entering the low-wage job market, steadily increasing the number of families requiring child care but having meager resources with which to purchase it. How creative we are in meeting this challenge will determine how successful many of these families are at sustaining economic self-sufficiency and providing for the healthy development of their children.

The Maryland Child Care Business Partnership will proceed to address this issue by taking these steps:

- Strengthen the Partnership by recruiting additional partners from industry, finance, retail, labor and the telecommunications industry;

- Explore the development of consortia of businesses to address common needs for care;

- Make greater use of technology to educate employers and the general public on what child care resources are available;

- Disseminate information throughout the State on best practices in child care and explore how such programs can be funded;

- Foster the development of local public-private partnerships throughout the State;

- Collaborate with key professional associations and include information in their member communications;

- Establish a point of contact for employers on child care issues;

- Develop a monthly message and fact sheet for employers with data on the economic impact of investing in child care.

The final result of this effort will be a greater understanding of the needs of low-wage parents, a more creative approach to the utilization of available resources, and, as called for by Executive Order, a plan to leverage public funds through matching grants to State and local initiatives that foster public-private partnerships in the effort to increase the availability of child care for low-wage workers.

Appendix 1

Executive Order
and
List of Members
Maryland Child Care Business Partnership

Lynda G. Fox
Co-chairperson
Secretary, DHR

Ira Kress
Co-chairperson
Assistant Human
Resources Director, GIANT Food

Sandra E. Brisentine
Staples Distribution Center

Senator Ulysses Currie
Maryland State Senate

William Lee Denny
Bob Smith Automotive Group, Inc.

M. Carrie Forrest
Calvert Memorial Hospital

Robert E. Greene
Snelling Personnel Services

Christyne G. Ivey
Ivey League Learning Center

Deborah Knight-Kerr
The Johns Hopkins Hospital

Susan Levering, Ph.D.
Branch Electric Supply Co.

Secretary Richard C. Mike Lewin
Department of Business and Economic Development

Delegate Mary Ann Love
Maryland House of Delegates

Thomas P. McNutt
UFCW Local 400

Deborah B. Moore
MD State Family Child Care Association

James R. O'Hair
Northrop Grumman Corporation

Deborah M. Shepard
Montgomery County Department of Health and Human Services

Honorable Jack Sims
Mayor of District Heights

Sandra J. Skolnik
Maryland Committee for Children

William G. Sykes
The Limited, Inc.

Special Secretary Linda B. Thompson
Governor's Office for Children, Youth and Families

Mary Sharkey Vineer
Union Representative, Local # 24

The State of Maryland

Executive Department

EXECUTIVE ORDER

01.01.1998.26

Maryland Child Care Business Partnership

WHEREAS, The demand for child care continues to increase as the number of Maryland children with parents in the workforce continues to grow;

WHEREAS, Whether a family is headed by a single parent or by two working parents, child care is an essential work support;

WHEREAS, High quality child care can have a substantially positive effect on the development of young children, preparing them for later success in school and in the workplace;

WHEREAS, Child care is unaffordable for many limited income working families for whom child care costs represent more than thirty percent of their wages;

WHEREAS, Child care is both a business and workforce issue that affects recruitment, productivity, turnover, absenteeism, tardiness and morale;

WHEREAS, Corporate and government leaders throughout the nation have begun to explore ways to collaborate in expanding and improving child care;

WHEREAS, The Maryland business community has made a commitment to child care through its ongoing support for the Maryland Child Care Resource Network;

WHEREAS, The education and well-being of Maryland's children must be at the forefront of our agenda; and

WHEREAS, The Department of Human Resources through its strategic planning process and operation of the State's child care subsidy program is poised to move this agenda forward.

NOW, THEREFORE, I, PARRIS N. GLENDENING, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND THE LAWS OF MARYLAND, HEREBY PROCLAIM THE FOLLOWING ORDER, EFFECTIVE IMMEDIATELY:

A. Establishment. There is a Maryland Child Care Business Partnership.

B. Purpose. The Partnership shall advise the Secretary of Human Resources on strategies and resources to increase the availability of child care for limited income working families.

C. Scope. The Partnership shall:

(1) Assess child care needs of low-wage working families and identify resources currently available to meet those needs;

(2) Conduct a survey of innovative strategies that have been developed in Maryland and other states that successfully pool and maximize public and private sector resources to support child care for low-wage working families; and

(3) Develop a plan by which matching public funds will be made available through the Department of Human Resources for State and local initiatives that have employer and community support and that increase the availability of child care for low-wage workers.

D. Membership and Procedures.

(1) The Partnership shall consist of up to 23 members, including:

(a) The Secretary of Human Resources;

(b) The Secretary of Business and Economic Development;

(c) The Special Secretary for Children, Youth, and Families;

(d) A member of the Senate of Maryland appointed by the President;

(e) A member of the House of Delegates appointed by the Speaker; and

(f) Up to 18 members appointed by the Governor to represent business, labor, government, the child care community and the general public.

(2) The Governor shall designate a business and a government representative of the Partnership to serve as Co-Chairperson.

(3) The Governor may remove any member of the Partnership for any cause adversely affecting the member's ability or willingness to perform the member's duties.

(4) In the event of a vacancy, the Governor shall appoint a successor.

(5) A majority of the Partnership shall constitute a quorum for the transaction of any business. The Partnership may adopt such other procedures as necessary to ensure the orderly transaction of business.

(6) The members of the Partnership may not receive any compensation for their services. Members may be reimbursed for reasonable expenses incurred in the performance of their duties, in accordance with the Standard State Travel Regulations and as provided in the State budget.

(7) Staff support for the Partnership shall be provided by the Department of Human Resources.

(8) The Partnership shall meet at times and in places designated by the Co-Chairpersons.

E. Submission of Plans. The Partnership shall develop a preliminary plan for making available public funds for child care resources by June 30, 1999 and a final plan by June 30, 2000.

F. Termination. This Executive Order shall terminate and be of no effect after June 30, 2000.

GIVEN Under My Hand and the Great Seal of the State of Maryland, in the City of Annapolis, this 6th Day of October, 1998.

Parris N. Glendening
Governor

ATTEST:

John T. Willis
Secretary of State

Appendix 2

THE EMPLOYER GROUP

November, 1998 Statement

INTRODUCTION

The mission of the Employer Group is to collect and share information on the work-family needs of low-wage and entry-level employees and employers' responses to those issues. By working collaboratively to encourage heightened awareness of work-family issues, employers will be able to attract and retain these important employees and help them to be fully productive at work.

The Employer Group is composed of about twenty national companies that employ large numbers of low-wage, entry-level or hourly workers. The group was brought together because of a growing interest by employers in addressing the work-family needs, especially the child care needs, of this segment of the labor force. The Employer Group convened six times over the past two and a half years. The Families and Work Institute (FWI), a non-profit research organization studying work, family and community issues, received start-up funding from the Carnegie Corporation of New York, and ongoing grant support from the Pew Charitable Trusts, to organize these meetings.

The story of the work-family field has grown out of different motivations at different times, starting with an interest in paving the way for more women in management positions. Now, a great motivator is employers' search for ways to recruit and retain professional or management employees. But there are an increasing number of employers who are seeing that, with a growing service sector, a tightening labor market, an increasing number of jobs that do not require advanced education or skills, and the costs of turnover in those jobs, in order to recruit and retain this important segment of their workforce, it was timely for business to take a hard look at these issues.

FWI initiated this project as part of their ongoing interest in the work-life issues confronting all employees, a particular interest in reaching the low-wage population which had not been major players in the debate, and a concern about the unique child care issues confronting them.

WHO ARE THE MEMBERS?

The goal in developing the membership was to include a diverse group of industries with different types of workforces, at different stages of looking at low-wage workers' needs, yet facing common issues and having common goals. Member companies encompass five major types of industries: hotel and hospitality, food service, retailing, manufacturing, and administrative support at financial institutions and insurance companies. Our employees may serve the public at fast food restaurants, clean rooms at hotels, help customers make choices at department stores and markets, operate cash registers, process bills and claims, or work on lines in manufacturing plants. Member companies include Aetna, ConAgra, Federated Department Stores, Hyatt Hotel Corporation, J.C. Penney, Marriott International, Target Stores, and Wawa, Inc. We are headquartered in different parts of the U.S. and most of us have local operations across the country and internationally (although we focussed on U.S. workers).

Although our employees engage in very different kinds of jobs in myriad locations, we have found that our workforces have a lot more in common than we would have predicted. We all have workforces made up of people from a variety of backgrounds, with different education and skill levels, who are young and older, white and minority, single and married, some who have children or elder care responsibilities while others don't, some who are American-born as well as foreign-born, and who have varied job histories and welfare experiences. We call these employees "low-wage workers" because their annual take-home pay puts them in the bottom quartile of American workers. Some employees are salaried, some are hourly; some employees are the sole providers for their families, while others are part of dual-earner couples. When we look at family income, we only consider low-wage households to be those where both employees can be considered in this group. Even within our own companies, we have come to realize we are dealing with many different types of employees with some very different needs.

WHAT DID WE DO?

At each meeting, we discussed how we could best serve the needs of both our workers and our companies. We:

- Explored and supported the development and sharing of non-proprietary efforts and programs;

- Provided a forum for the private and protected discussion of ideas;

- Supported informed public discussion of issues associated with member organizations;

- Invited outside experts to our meetings so we could study some issues in more depth, such as child care options, the federal Earned Income Credits program or public-private partnerships around welfare reform.

KEY FINDINGS AND SUGGESTED ACTIONS

- Employees who work in low-wage jobs are as diverse in their needs and goals as employees who work in any other jobs. The low-wage workforce is composed of people working hard to support themselves and their families. Workers are not interchangeable, not a replaceable commodity. They are individuals with skills and lives beyond their workplaces. We must recognize that employees in these jobs form the backbone for the workforce. Respect is fundamental to an effective workplace.

  Action: *Employers must recognize that the profile of the low-wage workforce is always changing. We must develop workplace cultures that respect this diversity of family forms and backgrounds and that address and support workers with different needs at different times in their life cycles.*

- Regardless of whether we are in a business cycle where there are more jobs than qualified people or more people looking for work than there are jobs, we must invest in training and working with employees in low-wage jobs. To remain competitive, we must realize that there is a pay-off for the individuals, for our companies, and for our customers if we invest in all of our employees. These employees are often the first or only contact our customers have with our companies. They come to represent us in our customer eyes. For our businesses, there is certainly a return on this investment.

  Action: *It is in our self-interest to develop this human capital by investing in learning opportunities and opportunities for job advancement.*

- Supportive workplace cultures and supportive supervisors are key to improving recruitment, retention and productivity of good employees. There is not a "one size fits all" plan for developing programs and policies for employees in low-wage jobs.

  Action: *We need to look at the needs of our particular employees and our particular business to customize our approach.*

- All jobs need to have some flexibility. What employees request the most is some degree of flexibility that will allow them to meet the demands of their work and personal lives.

  Action: *All workers need to have some measure of flexibility at different times. We must re-think how we design and organize jobs so that we can enable as many low-wage employees as possible to have some control over the schedule of their days so that they can take time away from work where they have to attend to a family or personal need. There is evidence that this will benefit both the employee and the employer*

- Options for affordable, safe and high quality child care are vital for our employees and their children. Such care comes in many different forms: child care centers in relative or friend or care by parents who work different shifts so that there is always a parent at home. There are no easy fixes. Sometimes it is assumed that an on-site child care is an appropriate solution, but that does not always work for everyone. As employers, we must recognize that parents make these choices for many reasons. We can devise ways to support their choices that enable them to do their jobs and support their families, knowing that their children are well cared for while they are at work.

> ***Action:*** *There are many ways we can help employees in low-wage jobs to ensure that their children are in quality, affordable care while they are at work. We can offer Resource and Referral services in multiple languages that have a variety of options; we can support programs that provide education and training for family child care providers and others in the community; we can institute DCAPs (Dependant Care Assistance Programs) that allow employees to pay for care with pre-tax dollars; we can develop on-site centers or near-site centers that have affordable fees or sliding scales so that they are an option for all of our employees; we can help them access public subsidies; we can develop flexible schedules that take into account people's child care needs; we can work with our employees to determine the best possible options.*

- There are federal, state and community programs that employees in low-wage jobs can access. For example, Earned Income Tax Credits (EITC) and Advanced EITC can literally increase the disposable income of our employees at little or no cost to the employer, but often employees do not know they are eligible, or feel they are unable to deal with the system. In other cases, employees from low-income households may be eligible for federal and state subsidies such as health care programs for themselves and their children, child care subsidies, subsidized housing or food stamps.

> ***Action:*** *We must develop organized systems for helping ensure the availability of and access to government and community programs for which our employees may be eligible.*

CONCLUSION

If we invest in our employees who work in low-wage or entry-level jobs at our companies, we can expect a return on this investment. It is our intent to become the "employer of choice" in our communities; retain employees who are well-trained, productive and do their jobs well; and ensure that our employees' children are cared for in situations that educate and nurture them. But we cannot do this alone. We are only one part of the solution. Communities, the public sector and other businesses are all vital partners in developing solutions. The cost is minimum --- sometimes just a re-thinking of how we do things or creative planning. There is a business case for supporting the employees who work so hard for our companies.

Appendix 3

Selected Research Findings Cited by the Board on Children and Families of the National Research Council and the Institute of Medicine

The Board on Children and Families convened three workshops which reviewed the research literature on the patterns of child care use and levels of satisfaction with child care arrangements by low-income families. The results of these reviews were published in two documents, both available on the internet through the National Child Care Information Center: *Child Care for Low Income Families: Summary of Two Workshops*, Deborah A. Phillips, Editor, National Academy Press, Washington, D.C. 1995; Electronic version, February, 1996; and *Child Care for Low-Income Families: Directions for Research*, Anne Bridgman and Deborah A. Phillips, editors, National Academy Press, 1996.) A few selected findings of particular interest to the MCCBP are listed below:

In the research reviewed by the Board on Children and Families, low-income was seldom defined to include families with incomes above $18,000. Typically, it was defined as income below $15,000, which in 1995 encompassed one out of every four children in the U.S. under age six.

- Low-income families are more likely to rely on relatives and less likely to rely on center-based child care arrangements, as compared to families with greater financial resources. Grandparents play an especially prominent role in providing child care for low-income, pre-school children.

- The child care arrangements of low-income families vary greatly by household type and parental employment status. Single employed mothers rely to a much greater extent on non-relative arrangements (notably family day care homes and centers) than do other types of low-income families.

- Among low-income families, about 24% of children under age five are in more than one supplemental arrangement on a regular basis. Reliance on multiple arrangements varies from 14% of low-income preschoolers with two parents to 31% of those in single-mother families to 45% of those in employed, single-mother families.

- Low-income single mothers report relatively high levels of dissatisfaction with their child care arrangements. One-third of mothers sampled in a study of California's welfare-to-work program, GAIN, indicated a preference for a different child care arrangement than the one she was currently using. In a study of mothers receiving Aid to Families with Dependent Children in Illinois, 65% who had worked or gone to school in 1990 reported difficulty finding care they were confident was safe.

Research confirms the special difficulties encountered by low-income parents in their search for appropriate child care. Work schedules and cost of child care services were repeatedly found to constrain the child care options available to low-wage workers:

- Data from the National Child Care Survey indicate that one-third of working-poor mothers (incomes below poverty) and more than one-fourth of working-class mothers (incomes above poverty but below $25,000) worked weekends. Almost half of working-poor parents worked on a rotating or changing schedule.

- Irregular and unpredictable work schedules led to disruptions in child care and to greater reliance on multiple arrangements and on arrangements made with friends and family.

- Surveys of cost of care and disposable income reinforce the obvious: licensed care costs a high proportion of family income for low-wage workers, ranging from 33% to 78% for various low-income groups surveyed.

- For parents with limited resources, one option is to rely on free child care, although this solution obviously limits choice as to type of care. Across all families, in 1993, for example, approximately 90% of those using center-based and family day care arrangements paid for care; 17% of those using relative care paid for care.

- Relatives and friends who can provide child care may be less readily accessible to families who need child care than many assume. The study of Illinois mothers on AFDC reported that 67% of the families had no friend or relative, inside or outside their immediate household, who could provide child care; only 25% lived in households in which there were other adults present.

There is reason to be concerned about the quality of care available to families constrained by income and working schedules. Furthermore, the inability of families to gain access to high quality care has taken on new urgency, given the recent research on children's brain development. We know now that children's development can be adversely and permanently affected by non-nurturing environments.

- A study of family child care and relative care, conducted in 1994, observed 226 home-based child care providers, caring for children under age six, in three states. The percentages of less-than-minimal care were 13% for regulated home-based providers, 50% for unregulated home-based providers, and 69% for relative care. Thus, low-income families who rely on home-based and informal arrangements may be receiving relatively poorer-quality care.

- Across all the studies reviewed by the Board on Children and Families, the percentages of child care settings about which concerns were raised is seldom less than 15%, suggesting that one in seven children receives poor quality care.

- Evidence suggests that low-income children may actually get the best and worst of center-based care, depending on their access to highly subsidized intervention and other center-based care. However, since these high quality intervention programs tend to operate part-day and even part-year, it is difficult for full-time, working parents to place their children in these programs.

- Relatively new evidence is beginning to suggest that quality, structure, and appropriate adult supervision may matter more for low-income children than for their higher-income peers.

- Evidence from a study of six communities indicates that subsidies, per se, can help low-income families gain access to the same range of quality options that are available to higher-income families. Where differences were detected, they were traced to relatively low reimbursement rates and inconsistent payments to providers.

The Board on Children and Families reviewed new research that indicates that affordable child care is a decisive factor in promoting work effort among low-income mothers.

- A 1994 study estimated that providing a full subsidy to mothers who pay for child care could increase the proportion of poor mothers who work from 29% to 44%, and that of near-poor mothers who work from 43% to 57%.

- The study of mothers in California's welfare-to-work program (GAIN) found that the odds of dropping out of GAIN during the first year of participation were doubled for mothers who expressed dissatisfaction with their child care arrangement, who were using arrangements that did not meet established guidelines for staff-child ratios, or who did not trust the provider or the safety of their child care arrangement.

In an effort to direct future research, the Board on Children and Families identified these emerging concerns regarding child care options for low-income families:

- Are we shortchanging moderately poor families? Although welfare reform has rendered the language of the Board's 1995 report somewhat outdated (it stated that funding subsidies and tax credits for child care favor the non-working poor and the middle class), still the essence of the concern is valid. Do our subsidy programs do enough to support families as they move up from working poor status to lower reaches of the working class. Should we find ways, for example, to offer fuller subsidies to less impoverished families? Do our current subsidy arrangements pull the rug out from under families just beginning to stand on their own?

- How do we move toward ensuring that children from low-income families have access not just to any child care, but to the high quality care we know is essential to healthy child development? The Board on Children and Families notes that some observers see welfare reform and the associated upsurge in demand for child care as an opportunity to support child care environments that not only enable parents to work, but also will benefit children, help prepare them for school, and perhaps reduce the odds of welfare dependency in the next generation. Others, faced with the pressures to control public costs, are forced to think in terms of the minimum amount that can be done so that child care costs and problems do not interfere with the primary government cost reduction aims of welfare reform initiatives.

- The Board's review of the research suggests that the cost of care is not the only issue for low-income parents. The research suggests that issues of safety, reliability, and parental trust in the provider, as well as assistance in arranging care that corresponds to parents' preference, must also be addressed.

- Future research should address the determinants of quality for informal child care arrangements. Since this type of care is used by a large number of low-income families, the Board suggests that research should investigate what strategies, short of regulation and accreditation, might improve the quality of informal care.

The Maryland Child Care Business Partnership will not be undertaking primary research efforts. We will follow the research projects of the Board on Children and Families and others. We might, however, schedule a forum in which we could hear from parents in low-wage occupations and solicit their observations about their own child care experiences.

Endnotes

1. The Washington Post, May 27, 1999, page 1.

2. Phillips, D., editor. (1995). *Child Care for Low Income Families: Summary of Two Workshops*. Washington, D.C.: National Academy Press.

3. Phillips, D. (1995).

4. Families and Work Institute (1998). *The Employer Group: November, 1998 Statement*, New York, NY: Families and Work Institute.

5. This overview of promising practices draws largely from a recent review of best practices conducted by the Families and Work Institute and reported in *Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response*, issued by the U.S. Department of the Treasury, April, 1998; and also from *Meeting the Needs of Today's Workforce: Child Care Best Practices*, published by the U.S. Department of Labor, 1998. Unless otherwise noted, examples are drawn from these two documents.

6. Phillips, D. (1995).

7. Child Care Bureau. (1997) *Child Care Bulletin*, January/February 1997. Washington, D.C.: U.S. Dept of Health and Human Services.

8. Materials from the Child Care Partnership Project are available through the National Child Care Information Center at http://nccic.org/ccpartnerships or by phone at (800) 616-2242.

9. U.S. Department of the Treasury. (1998) *Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response*. Washington, D.C.:U.S. Department of the Treasury.

10. Galinsky, E., Johnson, A. (1998). *Reframing the Business Case for Work-Life Initiatives*. New York, NY: Families and Work Institute; and Galinsky, E., O'Donnell, N. S., Kim, S. (1996). *Business Involvement in Community Mobilization*. New York, NY: Families and Work Institute.

11. Phillips, D. (1995); and Bridgman, A., Phillips, D., editors. Child Care for Low-Income Families: Directions for Research. Washington, D.C.: National Academy Press, 1996.