

Child Care

BACKGROUND

Child care plays a critical role in child development, enables parents to work, and prepares children for success in school. Economic conditions in recent years and the new welfare system, which requires parents to work, has led to a large increase in the number of children of all ages in child care.

Child care is provided in many settings: at home; in child-care centers; in family and group daycare homes; and in residences of family and friends. Before/after-school care also may occur in any of these settings as well as in public and private schools, community-education programs, or entities such as the YMCA.

Every day in the United States, 13 million preschoolers, including six million infants and toddlers, are in child care—three of every five children in that age group. In Michigan, almost half (46 percent) of children under age five spend time in the care of someone other than a parent: about half of these are in their own or someone else's home and about half are in a child-care center, Head Start, preschool, nursery school, or school readiness or other enrichment program (1999 data).

The federal government provides substantial funding for child care and before/after-school care. Most direct payment for child care comes in the form of subsidies for low-income families. In addition, the federal government provides substantial support for middle- and upper-income families through tax credits that reimburse those families for child-care payments.

States are responsible for setting and enforcing child-care standards. In Michigan, the Division of Child Daycare Licensing in the Department of Consumer and Industry Services (MDCIS) is responsible for regulation as required in P.A. 116, the Michigan Child Care Organization Act of 1973. The Child Development and Care Division in the Michigan Family Independence Agency (FIA) is responsible for administering federal child-care funds and setting state policy for their use—e.g., eligibility criteria and amount.

Types of Child Care

Child-Care Centers

Child-care centers (sometimes called daycare centers), of which there were 4,862 in Michigan as of December 2001, must be licensed. Michigan licensing standards deal almost entirely with facilities and health and safety standards; personnel standards are minimal.

A child-care center program director must

- have completed at least 60 semester hours at an accredited college or university, including 12 hours in child development, child psychology, or early childhood education;
- have (1) been awarded the child development associates credential by the Child Development Associate Consortium (a national agency affiliated with the Association for Education of Young Children) or a similar credential approved by the

GLOSSARY

Before/after-school care program

A state-licensed program that cares for school-aged children before and/or after school.

Child-care center

A state-licensed facility (outside of a private residence) that provides care for children usually aged five and younger.

Family daycare home

A state-registered private residence that provides care for up to six children.

Group daycare home

A state-licensed private residence that provides care for 7–12 children when a second adult is present.

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MDCIS and (2) completed 12 hours of training in child development, child psychology, or early-childhood education; or

- have been certified by a Montessori Teachers Institute.

Caregivers (those providing direct care, supervision, and guidance) must be

- aged 17 and have completed at least one year of a vocational-occupational child-care training program approved by the state Department of Education, or
- aged 18 or older (no pre-service or in-service training required).

Prior to licensing, the program director is checked for criminal convictions and substantiated abuse and neglect reports, and the premises are examined by a licensing consultant, fire inspector, and health department sanitarian. Having met all requirements, centers are issued a six-month provisional license and, if rule compliance is maintained, a two-year license thereafter; centers are re-inspected annually. Once in operation, the center must adhere to licensing rules on such matters as the caregiver-to-children ratio (see Exhibit 1), acceptable discipline techniques, number and nutritional content of meals and snacks, and type of equipment present.

Group and Family Daycare Homes

There are more than 3,300 group daycare homes and 13,000 family daycare homes in Michigan; some of the differences may be seen in Exhibit 2.

Group homes must be licensed by the state. The licensee and all adults living in the household undergo a check for criminal convictions and substantiated abuse and neglect, and the premises are inspected. The caregiver must certify that s/he meets state regulations, submit three personal references, provide health screening results, and test negative for tuberculosis. Licensees need not meet minimal education standards but must be aged 18 or older. If an aide is employed, which must be the case if more than six children are being cared for, s/he must be aged at least 14. The ratio of staff to children (including any of the staff's own who are aged under 7) shall be not less than 1:6 (i.e., there shall be no fewer than one staff member for every six children). No more than four children aged under 30 months and no more than two aged under 18 months may be cared for by a single caregiver.

Family homes need only be registered with the MDCIS. The caregiver must certify that s/he meets state regulations, submit three personal references, provide health screening results, test negative for tuberculosis, participate in orientation, and pass protective-services and crimi-

EXHIBIT 1. Required Minimum Staff-to-Children Ratio, Michigan Child-Care Centers, 2002

Age Group	Ratio of Staff to Children
Infants (up to 30 months)	1:4
2½ through 3 years	1:8
3 through 4 years	1:10
4 through 5 years	1:12
6 through 12 years	1:20
13 through 17 years	1:30
Mixed ages	Ratio required for youngest in group

SOURCE: Michigan Department of Consumer and Industry Services, Division of Child Daycare Licensing.

nal-record clearances. The home is visited by a MDCIS licensing consultant during the first 90 days of certification. Registration is valid for three years and a licensing visit is not required for renewal.

In-Home Care

Another child-care option is an in-home caregiver—e.g., nanny, babysitter, grandparent, friend, neighbor—who cares for the child in either the child's home or the caregiver's home. State regulation of these informal arrangements is not required unless care is provided for an unrelated minor for more than four weeks during a calendar year—in this case, the caregiving arrangement is supposed to be registered or licensed. In-home caregivers who are eligible for state reimbursement because they care for children of low-income families must enroll with the FIA. (According to the FIA, about 60 percent of subsidized care is in-home care.) Since these arrangements are informal, it is difficult to know precisely how

EXHIBIT 2. Differences between Group and Family Daycare Homes for Children, Michigan, 2002

Regulation	Group Home	Family Home
Maximum number of children	12	6
Number of adults required	2	1
State certification requirement	Licensure	Registration
Type of building	Private residence	Private residence

SOURCE: Michigan Department of Consumer and Industry Services, Division of Child Daycare Licensing.

many children receive such care. The Urban Institute reported in 2000 that 40 percent of Michigan children in working families having income up to twice the federal poverty level (the 2002 poverty level is \$17,650 for a family of four) are cared for by relatives; there are no figures for in-home care by others.

Before- and After-School Programs

Before/after-school care programs are subject to the same licensing rules as child-care centers, except that the director may substitute 12 credit hours in elementary or physical education or recreation for the early-childhood-related courses required of a child-center director. For children aged 6–12, the staff-to-child ratio may be not less than 1:20; for children aged 13–17, 1:30. Fire safety provisions do not apply if the program is in a public school building and the school provides documentation of compliance with safety requirements for its current, regular school-day programs.

Financing Assistance

Child care is a major family expense. The average cost for daycare and before/after-school care is \$5,700 per child per year, although families may pay \$10,000 or more for high-quality center-based or in-home care.

The Urban Institute finds that nationally, about half of all working families with children aged under 13 pay almost \$1 of every \$10 that they earn for child care. Low-income families spend a much higher proportion of their earnings: 40 percent spend an average of \$1 of every \$6 earned. In 1999 a Detroit family with an annual income of \$15,000 and one preschool child would have spent about one-third of its total monthly income on child care.

State and federal government help by providing subsidies to low-income families (states provide them directly, while the federal government does so through block grants to the states) and by permitting tax credits or deductions to be taken by individuals and businesses.

State

In fiscal year 2000–01, the FIA paid \$436 million for child care for an average of 118,700 children a month—about \$570 per child. The state's share of these funds was less than half; the federal government paid the rest. The governor's FY 2002–03 budget recommendations include an increase of \$23 million (includes the federal match), for child-care assistance for low-income families.

The School Readiness Program, administered by the Michigan Department of Education, had \$85.5 million in FY 2000–01 for preschool programs (center- or home-based). Most programs run 2½–3½ hours, four days a week.

Twenty-seven states have tax credits or deductions for child-care expenses, and 10 have made the tax credit refundable so that the lowest-income families can benefit even when they owe no taxes. Michigan has neither a state tax credit nor deduction for child-care costs.

Federal

The Child Care and Development Block Grant, funded at \$4.8 billion in FY 2001–02, provides matching funds to states to subsidize child care for families with income below 85 percent of the state median income.

The Title XX/Social Services Block Grant, funded at \$1.7 billion for FY 2001–02, may be used to support child care, and Michigan's estimated allocation was \$60 million.

The Child and Adult Care Food Program (\$45 million for Michigan in FY 2001–02) subsidizes nutritious meals and snacks for children up to age 12 who are enrolled in child-care centers, family and group daycare homes, and before/after-school care programs. There is no minimum income requirement for this subsidy. The program, which may fund only state-regulated programs, also is an incentive for providers to become licensed/regulated.

The federal child tax credit (CTC), combined with the earned income tax credit (EITC), is a major source of income support for working families with children. Starting in tax year 2002, the \$500 per child CTC will increase incrementally to \$1,000 in tax year 2010. For the first time, the CTC is partially refundable for families with income over \$10,000, making the credit helpful to lower-income families who otherwise would not qualify. The Congressional Joint Committee on Taxation estimates that tax law reforms of CTC and EITC will provide an additional \$12 billion annually in assistance to low-income families.

Federal law permits employers to offer a Dependent Care Assistance Plan through which the employer may deduct up to \$5,000 from an employee's gross salary and put it into a nontaxable spending account for child care. Social Security, federal, state, and local taxes thus are reduced for both employee and employer, and the employee can pay for child care with tax-free dollars. The employer also may contribute to the account. (A family may not use both this plan and the child tax credit in the same year.)

Employers may receive certain other federal tax breaks if they provide or subsidize employees' child care; such programs are becoming more common but still are offered in only a few workplaces.

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Despite large increases in federal child-care assistance, there are insufficient state and federal funds to help all children from low-income families: Nine of every 10 low-income children who are eligible do not benefit from child-care financial assistance.

Availability and Quality of Care

Not only do many families have difficulty paying for child care, but they also may have trouble finding good care.

Availability

The Michigan Community Coordinated Child Care (4C) Association reports that currently, there are enough licensed daycare slots to accommodate only 80 percent of Michigan children who need it. The shortage of licensed care is especially acute for infants and toddlers, school-aged children, those with special needs, and those requiring odd-hour care because their parents work at more than one job or have an odd-hour shift. Those who work non-regular hours have limited access to centers and regulated family daycare. Welfare work requirements have created significant demand for odd-hour child care, leading many programs to add extended hours and other on-site services such as immunizations.

Before/after-school programs are among the least available to families. The National Institute on Out-of-School Time says there are about 8 million children aged 5–14 that spend part of the day without adult supervision (1999). Unsupervised time is linked to increased juvenile crime, drug use, and poor academic performance. A national survey of police chiefs finds that 86 percent believe that expanding after-school and educational child-care programs would greatly reduce juvenile crime. Michigan is considering the use of Temporary Assistance to Needy Families funding for after-school programs.

Quality

Child-care quality is higher when the following conditions exist: Adult-to-child ratios are high, teachers/caregivers have specialized training in child development, and staff is competitively compensated (Outcomes Study, University of North Carolina).

National studies measuring quality of child care consistently find that only 10 percent of child-care settings offer high-quality programs. Of the remainder, 10–20 percent fall below “adequate,” and 70 percent provide only mediocre care. Even basic safety is a problem: In 1998 the national Consumer Product Safety Commission found that two-thirds of settings they visited had at least one safety hazard—for example, stairs without safety gates or soft bedding in cribs.

New research shows that high-quality child care positively affects later school achievement. The North Carolina study following children who now are in second grade finds that those who had high-quality child-care experiences are performing better in measures of both cognitive (math and language) and social (interaction with peers and teachers) skills. Similarly, a Wellesley College study finds that older children who attend good before/after-school programs have better attendance and higher grades than their peers who are not in the programs.

DISCUSSION

For years, the debate about child care was mostly about the government’s role in funding and regulating programs and services. Now child care is seen as a critical factor in many families’ well-being, an important support for families trying to become self-sufficient, a strong influence on school readiness for children, and a factor in academic achievement and also in preventing juvenile delinquency. Today’s debate is about affordability of care, quality of care, and compensation for care providers, and the three issues are interrelated.

In 1994 the Frey, Skillman, and W.K. Kellogg foundations launched the Joining Forces Child Care Initiative in nine Michigan communities. The five-year project found that while communities are developing strategies to improve child care for low-income families, state and federal action also is needed to address the affordability, quality, and compensation issues. From the initiative’s findings came recommendations to

- expand subsidy eligibility to include families with income up to 200 percent of the federal poverty level;
- raise the subsidy to reflect current market rates;
- encourage more providers to accept child-care subsidies by reducing paperwork and making timely payments;
- improve public awareness and subsidy programs and the ease with which they may be used;
- support training and better wages for child-care providers;
- base subsidies on staff training and experience; and
- increase the number of state child-care licensing consultants.

Affordability

Some advocates want government to play a substantial role in subsidizing daycare for *all* families, contending that “universal” subsidization—whether through direct assis-

tance or employee/employer tax breaks—is necessary to ensure that all families who need it can afford good care for their children. Opponents argue that subsidized child care encourages both parents to work even when additional income is not necessary for the family's financial well-being, thus many children end up in daycare instead of at home. Others say that government should not have the primary responsibility for assuring that child care is affordable—rather, religious, charitable, and community-based organizations can do a better job of helping families get the child-care services they need.

The perspective on government's role has shifted dramatically since 1996 as welfare reform has unfolded, particularly the work requirements, which have led to more demand for child care. Policymakers have become more willing to invest in child care as a way to help people move from welfare to work. For example, Michigan, since establishing its Family Independence Program—which implemented the Temporary Assistance for Needy Families (TANF), the federal welfare-reform block-grant program—has more than doubled the amount spent for child care for low-income families: the figure went from \$185 million in FY 1996–97 to \$436 million in FY 2000–01. From 1997 to 1999, a study of 16 states found a median increase in state child-care spending of 78 percent. The public supports this: A large majority of Americans (86 percent) say that child-care support should be available to all low-income families so that parents may work (W.K. Kellogg Foundation poll, 1999).

Quality

On the one hand, some polls show that many families of all income levels worry about the quality of child care: For example, more than half of respondents in a *Parents Magazine* survey say they worry every week about whether their children are getting what they need in child care. On the other hand, in several surveys, parents say they are satisfied with their current child-care arrangement. (Some experts believe that many “satisfied” responses reflect parents' need to be satisfied because they have few or no alternatives, thus they define “satisfactory” in a way that they otherwise might not.)

While some believe that regulation is sufficient to assure quality, others say that state licensing/registration standards offer only basic health and safety protections and set the minimum number of caregivers per child but do little to address early learning. Many child-care advocates believe that federal and state government should more actively regulate child-care settings and use criteria that assess the program offered. Currently, the federal government has very little to do with setting health, safety, and quality standards, and the states require only that child-

care providers meet minimal standards. Although Michigan requires pre-service/in-service training for some who are involved in child care, it is one of only four states where none is required for center-based, non-administrative caregivers 18 and older. Those opposed to stricter or expanded regulation argue that more bureaucracy will further increase costs, draining resources that could be used to improve quality and making it ever more difficult for families to afford high-quality care.

Provider Compensation

Provider compensation affects both child-care affordability and quality. Nationally, the average annual salary of child-care professionals was \$15,430 in 2000, and preschool teachers who work with children aged 3–5 make about half the salary of an elementary school teacher. Some say that raising wages will make child care less affordable and reduce access. Others say that the low wages provide little incentive for well-qualified people to enter the field and lead to high turnover—about 30 percent annually, among the highest in any profession—and these factors negatively affect the quality of child care. Programs such as TEACH (Teacher Education and Compensation Helps), implemented in Michigan in 2001, help to improve wages and reduce turnover. Many call on government to do more.

While many think there is adequate government support for child care, others see the need for more public investment to benefit both children and society as a whole, with child care as an essential part of a system of early-childhood education and care to which all families have access.

See also Children's Early Education and Care; K–12 Quality and Testing; Welfare Reform: TANF Reauthorization; Youth at Risk.

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FOR ADDITIONAL INFORMATION

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