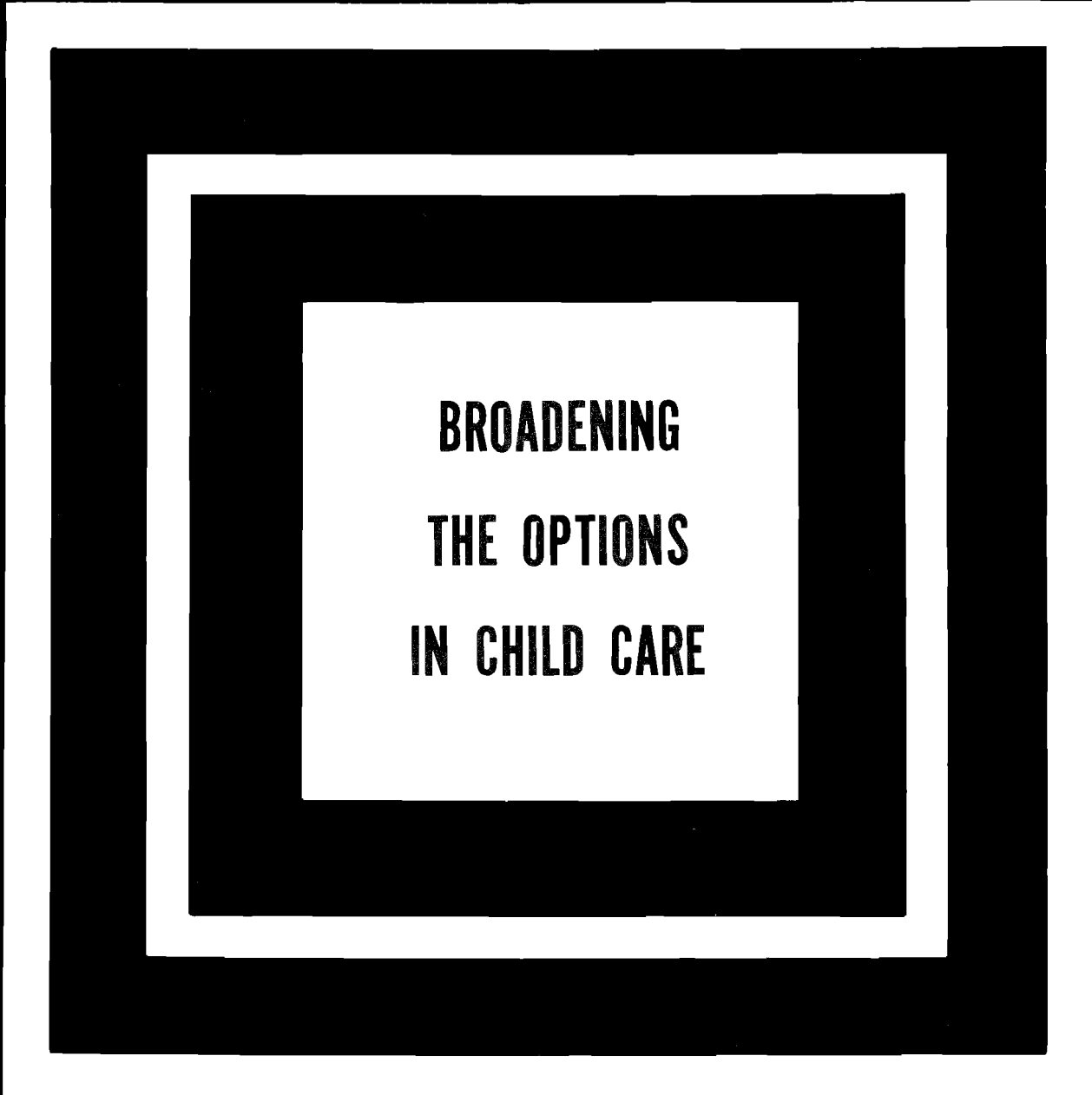


1976

CITIZENS LEAGUE REPORT



**BROADENING
THE OPTIONS
IN CHILD CARE**

**Proposals to Maximize Parental Choice in Meeting
the Growing Needs for Child Care in Minnesota.**

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Proposals to maximize parental choice in meeting
the growing needs for child care in Minnesota.

Prepared by
Citizens League Committee on
The Needs of Parents for Child Care
Donald Van Hulzen, Chairman
Andrew Lindberg, Vice Chairman

Approved by
Citizens League Board of Directors
September 29, 1976

CITIZENS LEAGUE
84 SOUTH SIXTH STREET
MINNEAPOLIS, MINNESOTA 55402
612-338-0791

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PLEASE NOTE: A glossary of child care terms begins on page 80 of this report.

INTRODUCTION

Child care, though still largely private and informal, has become a public issue of major importance.

For increasing numbers of families, mothers or other in-home relatives are no longer available to assume their traditional roles in child care. The cost of child care is beyond the ability of many lower income parents to pay. And, emerging research on the importance of early childhood has heightened public concern about how young children are taken care of.

Major public programs, subsidizing and regulating child care, have been enacted in recent years in response to these changed social circumstances. Much of this effort has been directed toward expanding the supply of subsidized, formal child care arrangements. Yet, a majority of young children continue to be taken care of informally by their parents or a relative or neighbor.

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We found that society is now at a major crossroads in defining its role in the care of young children.

One approach being advanced argues for continued expansion of formal child care, culminating in a free, universally available child care delivery system administered by the public schools.

Others argue for continued enlargement of the supply of formal, subsidized child care, but prefer to see continuation of a variety of administering agencies. This approach also argues that child care subsidies should be expanded to include more families, on a 'sliding fee scale.'

Congress, state and local funding agencies are faced with continuing requests to fund these approaches to expanding the availability of formal child care arrangements. They are also facing increasing pressures from taxpayers and competing public needs over allocation of available public resources.

Meanwhile, many persons are still arguing that society has no business involving itself in child care at all. Child care, it is contended from this perspective, has been, and should continue to be, a matter handled strictly within the family.

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It is against this deeply emotional and complex set of circumstances that this report of our study should be viewed.

Our report is now intended to be a comprehensive commentary on the multitude of issues we found in the child care field. It does not, for example, attempt to analyze the arguments made for and against various models of early childhood education. Neither did we attempt to rank the relative funding priority child care should have when weighed against other, competing public needs.

While we were not able to provide answers to all the questions and issues which we identified, we do feel we have a number of sensible, responsive suggestions to offer. We believe these suggestions will help meet the growing child care needs of families in the 1970's.

MAJOR IDEAS . . .

- ** Society -- in both its governmental and non-governmental aspects -- has an important and legitimate role to play in child care. The issue of societal involvement in child care is no longer 'whether' but 'how' and 'to what extent.'
- ** The primary goal of public policy on child care should be to maximize parental choice in making child care arrangements which they prefer and which meet their needs and the needs of their children.
- ** Parents must have a variety of child care arrangements *available* in order to exercise the level of discretion we feel they should have. They must also have *access* to those choices regardless of their income or their geographic place of residence.
- ** While we focused primarily on 'the needs of parents for child care,' any public or private response to those needs must also consider carefully 'the needs of children.'
- ** An important corollary to a public policy of maximizing parental choice in arranging child care is the availability of reliable information, referral, education, and support services to home-based child care providers and parents who use them.

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- ** Significant progress has been made in addressing the child care needs of parents in Minnesota. However, public awareness and concern about child care has been too narrowly focused on formal child care arrangements. The 'child care problem' has been too narrowly defined, as the large gap between the number of young children needing care and the capacity of licensed day care centers and homes.
- ** A very central part of the 'child care problem' is the failure of society to assist parents to organize work schedules and other demands on their time so that they can continue to play a major role in child care at the same time that they are pursuing a career outside the home.
- ** Because of the way public subsidy programs have been structured, many parents who may need financial assistance for child care are not now eligible for that assistance.
- ** Too much reliance has been placed on licensing as the way of enforcing standards for home-based child care. Licensing has been minimally effective in enforcing standards for home-based child care and drawing home-based providers into the child care support system.
- ** Existing public subsidy programs for child care have focused primarily on direct provision of child care, rather than on indirect support, referral, education, and information services. This approach has tended to limit discretion of parents in making child care arrangements, and left unsupported a majority of child care arrangements now used by parents.

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. . . IN OUR REPORT

- ** A new, broader understanding of 'child care' is needed which includes recognition of the essential role played by informal child care arrangements. Child care coordinating organizations should take the lead in expanding public understanding of the importance of informal arrangements to the larger child care delivery system.
- ** Public and private employer and employee organizations in the Twin Cities should recognize the potential of using work schedule flexibility to help meet the child care needs of working parents.
- ** The 1977 Minnesota Legislature should initiate a pilot 'registration' program for home-based child care providers, tied to a major expansion in support, referral, information, and education services for home-based child care providers and parents who use them. Such a program should include:
 - Legislation directing the State Department of Public Welfare to test a system of mandatory and voluntary 'registration' for home-based child care providers in several representative counties in the state;
 - Financing of a pilot program of start-up grants specifically allocated to neighborhood child care resource centers; and
 - Financing of an expanded child care information, referral, and parent education program.
- ** The 1977 Minnesota Legislature should expand public subsidy programs for child care to include partial support for persons who are now just above the income eligibility line for totally subsidized care, through:
 - A partial subsidy -- sliding fee scale -- program; and
 - Changes in state income tax law to provide a partial tax credit to parents who must use child care to seek, train for, or hold a job.
- ** The U. S. Congress and Minnesota Legislature should alter existing regulatory and subsidy programs for child care to expand parental choice in making child care arrangements. Such changes should include:
 - Establishment of a clear and consistent policy on which child care arrangements are eligible for public subsidy, and who the recipients of public subsidies should be;
 - Elimination of procedures or requirements which favor certain legally operating child care arrangements over other legally operating arrangements in the allocation of public subsidies; and
 - Maintenance of past policies not limiting administration or funding of child care programs to any one institution or set of institutions, such as the public schools.

FINDINGS

PART I -- THE NEEDS OF PARENTS FOR CHILD CARE

I. Changes in family life styles and work and educational patterns of many parents have significantly increased the number of small children needing care for all or part of the day by someone other than a parent or close relative.

A. Historically, the care of small children has been a responsibility handled almost entirely within the family, with society intervening only in extreme cases. The traditional 'extended family' is now much less available to assume child care responsibilities, however.

It seems important to make an early distinction in our findings between child care provided within the family and child care provided solely by parents. Traditionally, large numbers of non-parent family members were available in homes to share child care responsibilities. In previous generations, there was often an older adult relative available who could be turned to for assumption of child care responsibilities when parents went to work, were widowed or divorced, or simply needed relief from their parenting responsibilities. Society was turned to only in extreme cases, providing orphanages, foster homes, specialized medical facilities, etc.

Increased urbanization and vastly increased mobility among both younger parents and older relatives have now made it much less likely that the same household will contain persons from more than two generations. Fifty years ago, half of all American households contained at least one extra adult. Today, that percentage has dropped to fewer than five percent.¹ This shift in family life styles has tended to focus child care responsibilities less on families and more on increasingly isolated parents.

B. With the increasingly isolation of parents, child care responsibilities have been focused primarily on mothers. But, many more mothers of small children are now seeking and holding jobs, forcing an increased reliance on non-family child care providers.

Again historically, society's response to the reduced role of the extended family in child care was to place virtually total responsibility for child care with mothers. Except for a brief entrance into the work force during World War II, mothers of young children quietly assumed primary responsibility for day-time child care. In 1948 only about 12.5 percent of mothers of pre-school children were employed outside the home.²

Through the 1950's and 1960's, however, increasing number of mothers of young children began to return to work before their children entered school. By the early 1970's, one-third of all mothers of pre-school children were employed outside the home.³ And, despite the most severe economic recession since World War II, the number of employed mothers of young children has continued to climb, to 38.9 percent of all mothers of pre-schoolers by mid-1975.⁴

There are many reasons for the growing number of mothers with young children who are seeking and holding jobs outside the home. The most important reasons appear to be economic, as inflation and life style expectations have driven up the cost of running a family. The nature of growth in the economy has also been an important factor, as service occupations, traditionally held by women, have flourished in the post World War II era. And, many more women are seeking and holding career-oriented jobs as educational levels have risen and self-expectations of women have changed.

Public policy and public opinion have also had an important impact on the reduced numbers of parents available for child care. Beginning in the mid-1960's, the public policy of encouraging mothers with small children to stay at home and receive AFDC payments was altered. Child care began to be viewed as a way of getting parents with young children off welfare. Under the Work Incentive Program (WIN), AFDC recipients with children of school age are even required to seek and hold jobs outside the home. Finally, at least a part of the reduction in the number of parents available for child care has resulted from an increasing body of public opinion which supports the right of women to have a choice of working either at-home or outside the home.

- C. Although many more mothers with young children are entering the labor force, there is no evidence suggesting that a corresponding withdrawal from the labor force is taking place among the fathers of young children.

We found that the increasing work force participation of mothers of small children is having some impact on the child care responsibilities of fathers. Some fathers are taking on a larger role in the family as their wives have less time to spend at home. Surveys of child care arrangements used by working mothers show fathers as the primary child care arrangement used in between 10 and 15 percent of the homes surveyed.⁵

However, the available data on overall work force participation of men does not yet suggest that the general work pattern of young fathers is changing at a rate anywhere near that being experienced by young mothers. According to U. S. Department of Labor data, the only age categories of men experiencing lower rates of full-time labor force participation are those in older age groups who tend to be retiring earlier.

Although there are some exceptions, most fathers of young children do not appear to be assuming the primary child care responsibility when their wives enter the labor market. The reasons are, again, mainly economic. Since most women go to work primarily to increase family earnings, the husbands of those women are not likely to be able to make a corresponding withdrawal from the labor force. Short of complete withdrawal from the labor force, many career oriented jobs held by men (or women) do not have part-time options. And, finally, while public opinion now largely supports the right of women to seek a career outside the home, an increased role of men in the home and family does not appear to have yet gained a corresponding level of public acceptance.

We found that the factors which have contributed to growing numbers of mothers seeking work are not likely to be reversed. If anything, economic necessity and an increased ability and desire to compete successfully for career-oriented

jobs are likely to increase the numbers of mothers of young children seeking employment outside the home.

The corresponding future roles of men in the work force and in the family are, on the other hand, not at all clear. An increased desire by men to play a more significant role in the family could be an important factor in defining the future needs of parents for child care. Or, the predominant role of men working outside the home could continue.

- D. An important contributor to the increasing need for non-parental child care is growth in the number of families in which the *only* parent is employed.

Nationally, about 17 percent of all children under age 18 now live in single parent families. This is up from 12 percent five years ago. According to the U. S. Department of Labor, there were 6.8 million families headed by single women in 1974. One out of 10 white children and four out of 10 black children were, in 1974, in families headed by single women.⁶

The growing number of single parent families is of particular relevance to child care since single mothers are much more likely to be employed outside the home than are women in dual parent families. Nationally, approximately 56 percent of divorced or separated mothers of pre-school children are currently employed outside the home.⁷ According to the latest available U. S. Department of Labor data, single mothers are also more likely to be employed full-time than are mothers of small children in two-parent families.⁸

- E. Beyond work, many more parents with small children need assistance with child care because they are attending educational institutions, in job training programs, or otherwise must be away from home.

Not all parents who need child care are working at compensated jobs outside the home. Just as growing numbers of mothers with young children are now working outside the home, a growing number are also returning to school.

One indicator of this trend is the declining age for older students returning to the University of Minnesota. According to the Minnesota Women's Center, the average age of returning students at the University of Minnesota has declined from 37 in 1960 to 28 in 1975. Approximately 20 percent of all University of Minnesota students are now married. According to the University's Office of Admissions and Records, about half of these students have children. The percentage of University students who are married has grown from about 10 percent in the early 1960's.

The most recent survey done on the child care needs of University students (1972) found that there were about 2,500 pre-school children of married students who were attending the University of Minnesota.⁹ This survey did not include children of un-married students. According to the University's HELP Center, which works with lower income students, there are currently at least 800 children of women students at the University of Minnesota who are on AFDC. The Office of Admissions and Records has estimated that between 75 and 80 percent of the spouses of married students work outside the home.

Another large category of parents needing child care are those in publicly supported job training programs. The Minneapolis Concentrated Employment

(CEP), for example, has established unemployed female heads of households as its highest priority target group. Although specific data is not available on the numbers of participants in job training programs needing child care, we did find that, in 1976, roughly 20 percent of the participants in job training programs run by CEP and Twin Cities Opportunities Industrialization Center (TCOIC) were AFDC recipients.

Recent growth in the number of welfare recipients needing child care is closely related to changes we have already noted in federal policy, particularly with respect to AFDC. Again, it is only since the mid-1960's that job training and other supportive services including child care have been offered as a way of encouraging persons, including mothers with small children, to become economically independent. Prior to that shift, it was the policy of the federal government to encourage virtually all women with small children to remain in the home.

Finally, nearly all parents need some assistance with child care in order that they might participate in volunteer civic or community activities; engage in social or recreational activities; or simply, gain relief from their parenting responsibilities. A 1975 national survey of parents conducted by the U. S. Department of HEW found that about 90 percent of parents with children under age 14 use at least one hour of child care each week.¹⁰

II. As child care has emerged from the family, public interest and concern has arisen relative to the nature of child care provided in non-family settings, and its cost and availability.

A. As child care has increasingly been provided by non-relatives and in other homes or buildings, the health and safety of children being taken care of outside the family has become a matter of public concern.

For increasing numbers of families, we found that child care is no longer a service provided in familiar settings by family members or close relatives or neighbors. For those parents, child care has begun to take on characteristics of other services purchased in the marketplace. Many more child care providers are strangers to the parents and children they serve, for example. And, increasing numbers of children are being taken care of in day care facilities housed in church basements, storefronts, or specifically designed day care centers.

As is true to many other services, a public interest and concern has arisen over the health and safety of small children who are taken care of by non-relatives and in non-home settings. This is not unlike the public interest and concern which exists over the health aspects of food served in restaurants or the personal safety of those using public transportation.

B. Emerging research on the importance of early childhood to an individual's emotional, physical, and mental development has heightened public interest in assuring an 'educational' or 'developmental' component to child care, whether provided by parents or others.

We should make it clear that we did not make an in-depth review of the growing body of evidence that points to the importance of early childhood to a person's emotional, physical, or mental development. However, we did have sufficient

exposure to the research being done to find that there is enormous controversy over the relative impact which various forces have on young children.

Some researchers are now arguing that what happens to children during the pre-school years is even more important than mental and social development which takes place in elementary school. This point of view argues that society has a responsibility to assure an 'educational' or 'developmental' aspect to pre-school child care which goes beyond that traditionally provided by parents or informal child care providers.

Another body of research argues that parents and the home environment are still the primary influence on the growth and development of young children regardless of the nature of child care being used. Such research tends to support efforts to improve parenting skills.

These positions are not totally exclusive. Some stress the importance of parenting skills and formal early childhood programs outside the home.

Regardless of the relative strengths of these arguments, the fact that they are being made has helped raise the level of public consciousness about child care and make child care a matter of broad interest and concern,

- C. As child care has become a compensated service and as efforts have been made to ensure that young children are taken care of in safe, healthy, and stimulating environments, the cost and availability of child care has become a matter of parental and societal concern.

While much of child care remains uncompensated, the decreasing number of parents and other family members available for child care has required many more parents to pay for the arrangements which they are using. Societal concern about the 'qualitative' aspects of child care has also resulted in increasing costs for many of the child care arrangements being used.

As a result, the ability of parents to pay for child care has become a matter of public interest and concern, particularly when lower income parents are unable to make satisfactory, uncompensated child care arrangements.

Finally, as the taxpayer has been increasingly called upon to finance child care as a publicly subsidized human service, the cost of providing that care has also become a matter of public interest and concern.

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PART II -- GOVERNMENTAL AND PRIVATE RESPONSE TO THE CHILD CARE NEEDS OF PARENTS

- III. Increasing societal concern about the child care needs of parents has resulted in both public and private efforts to increase the supply of non-parental child care available, assure minimal levels of quality, and subsidize child care costs for parents who can't afford the full cost themselves.
- A. Governmental involvement in child care has focused on regulation of group day care centers and some homes and on providing funding, both to providers and consumers of child care services. All levels of government have become involved.

Broadly speaking governmental involvement in child care has tended to divide into the following categories:

1. State and local governments have appropriated start-up funds for child care facilities:

In order to become licensed and begin operating, many day care centers and homes have needed physical renovation. Toys, educational materials, and other equipment have had to be purchased. Funds have been available in Minnesota since 1973 for such start-up costs under the State Child Care Facilities Act. In FY 1976, approximately \$180,000 in start-up funding was made available to group day care centers and licensed family day care homes. Total funding for 1975 and 1976 under the Child Care Facilities Act is \$1.8 million.¹¹

Start-up funding has also been available to child care providers in Minneapolis since 1975 under the city's Community Development Block Grant (CDBG) program. In 1975, approximately \$161,000 was devoted to child care program start-up costs from CDBG. Total funding for child care under the CDBG program in 1975 was \$700,000.¹²

2. Federal, state and local funds have been appropriated to operate or purchase child care services.

Head Start programs have provided child care and other support services to children from lower income families since 1965. Approximately 4,000 children in Minnesota are currently enrolled in Head Start programs. The total budget for Head Start in Minnesota in 1975 was approximately \$4.3 million.¹³

Because of the emphasis in Head Start on better preparing children for school, Head Start is often not included in discussions about meeting parent needs for child care. A high percentage of parents of Head Start children are not employed outside the home.

In addition to Head Start programs, which tend to be operated directly by local anti-poverty programs, federal Title XX social service funds can be used to purchase child care services for certain lower income children. Approximately 9800 children are being served in Minnesota in 1976 under Title

XX at a total cost of \$8.9 million.¹⁴ State, local and private funds are being used to provide the 25 percent non-federal match required for all Title XX programs including child care.

3. Direct payments to parents to purchase child care services have been made primarily under federal income support and job training programs.

Under the Aid to Families of Dependent Children program (AFDC), child care expenses can be deducted from a recipient's income when determining eligibility for an AFDC grant. In this way, the size of the AFDC grant may be increased because of child care expenses of the recipient.

Because child care funds provided through AFDC are included in the larger general income support grants, no accurate information is available on the amount of public funding going to child care through the AFDC program.

The most recent estimates available result from a sampling of AFDC recipients done by the State Department of Public Welfare in 1973. That study estimated that approximately \$3.8 million in AFDC grants went for child care in Minnesota in 1973.¹⁵ Assuming only a 20 percent increase in those grants due to inflation over the past three years, it appears that at least \$5.0 million in public funding for child care is now going to parents through the AFDC income support program. AFDC is funded through a combination of federal, state and county tax sources.

The Work Incentive Program (WIN) also subsidizes child care costs for AFDC recipients who must seek employment, either through cash payments or direct purchase of child care services from licensed centers or homes. WIN child care payments in Minnesota in 1975 were estimated at \$561,000 by the Minnesota Department of Public Welfare.¹⁶

Some of the job training programs funded under the Federal government's Comprehensive Employment Training Act (CETA) also provide small support grants to participants which can be used to purchase child care. No estimates are available on the amount of CETA funding going to child care support grants.

4. Indirect payments to parents to reimburse a portion of child care costs are also available through both state and federal income tax deductions.

Under both state and federal tax laws, child care expenses can be deducted from taxable income if the purpose of the child care is to allow parents to be employed or to actively seek employment. The maximum deduction allowed is \$400 per month on the federal return and \$900 per year on the Minnesota return. Both state and federal laws have income limits beyond which deductions for child care expenses scale down and are then eliminated. Deductions scale down for persons with incomes above \$35,000 on the federal return or above \$6900 on the state return.

On both the federal and state returns, deductible expenses for child care are grouped with other expenses for 'household and dependent care.' Allowable expenses, in addition to more conventional child care services, include care of a disabled spouse or care of a dependent with a mental or physical illness.

In order to qualify for a deduction, however, these expenses must be incurred by employed persons or persons seeking employment.

In 1975, an estimated 1.75 million U. S. families claimed a dependent care deduction on their federal income tax return, a total federal tax loss of about \$295 million.¹⁷ While some of these deductions were for care of dependent spouses, some of these families were also claiming deductions for the care of more than one child. This suggests that child care costs of no fewer than 2.0 million children were partially reimbursed under this program in 1975. This compares with the approximately 1.3 million children whose care is funded under the three largest federal programs which directly purchase child care: Title XX, WIN and Head Start.¹⁸

If Minnesotans claimed the dependent care deduction on their federal income tax return in proportion to their share of the national population, about 70,000 Minnesota families claimed this deduction in 1975. This would have amounted to a federal tax loss in 1975 of about \$12 million in Minnesota.

The deduction allowed on the Minnesota Income Tax return has more restrictive income and deduction limits. This is reflected in the 6,800 families claiming a dependent care deduction in 1975, compared to the estimated 70,000 Minnesota families claiming the federal deduction. Even so, the state deduction resulted in an estimated tax loss of \$300,000, which is not insignificant when compared to the \$900,000 appropriated in 1975 for child care under the state's Child Care Facilities Act for 1975.¹⁹

5. Financial assistance has been provided to support and coordinate services for child care by state and local governments.

Both the State Child Care Facilities Act and Minneapolis Community Development Block Grant programs have been used to fund programs which don't directly deliver child care services. Funds have been made available, for example, to the Greater Minneapolis Day Care Association from these programs for its program of planning and coordinating child care services in Hennepin County.²⁰ Approximately \$85,000 was also received by GMDCA in 1976 from Hennepin County for these and other coordinating services.²¹ In addition to its services to child care programs, GMDCA provides information and referral services to parents seeking assistance in placing their children in licensed day care centers.

State Child Care Facilities funds have also been used to fund toy lending libraries and child care resource centers for family day care providers in both Ramsey and Hennepin Counties. County welfare departments in Minnesota provide information and referral services for parents seeking to place their children in licensed family day care homes. And, training programs are provided for licensed child care providers with governmental funding.

6. Federal, state and local governments have established standards and licensing requirements for group day care centers and some homes.

Broadly speaking, governmental licensing standards for child care fall into the following major categories:

- Family day care standards which are set by the State Department of Public Welfare and administered by county welfare departments. These standards apply to homes which take care of up to five children. The standards do not apply where care is being provided by a relative, where the child is cared for in his own home, or where the provider is caring for children of only one other family.²²
- Group family day care standards which are also set by the State Departments of Public Welfare and administered by the county welfare departments. Group family day care homes are those which take care of from six to ten children.²³
- Group day care center standards which are established and administered by the State Department of Public Welfare. These standards apply to all child care programs with more than ten children.²⁴
- Federal interagency day care requirements which are established by the U. S. Department of HEW and administered by the state or local agency which is directly administering the federally funded programs which must meet the federal standards. There are federal interagency day care requirements for family day care, group family day care, and center based child care programs. They apply to most child care programs receiving federal funds.²⁵

These standards are an attempt by government to assure some minimal level of quality to child care programs which are provided public tax support and which provide child care to more than just a few children. They deal with staffing requirements, physical facilities, program, training, food service, reporting, and other aspects of the operations of child care programs. They are enforced through state and local agencies which give licenses to programs meeting the standards as determined by an on-site inspection.

In a few states, regulation of family day care providers is done through a system of voluntary or mandatory registration. States using registration to regulate family day care include Massachusetts, North Dakota, Texas and Iowa.

The standards for family day care in these states are similar to those required in Minnesota for licensing. Family day care providers who must become registered in these states are generally those who must be licensed in Minnesota. Rather than issuing a license, the state asks family day care providers to sign a statement swearing that they will operate their homes in conformance with the family care standards established by that state. An inspection of the home is normally not conducted unless complaints arise. Some spot checks are conducted, however. Parents referred to registered providers are made aware that they are the primary monitoring agents for the standards. Each parent being referred is given a copy of the standards and information on how to make a complaint if they do not believe the standards are being met.

7. In addition to state and federal licensing standards, many municipalities have their own zoning, health, safety and fire requirements for licensed day care centers and licensed family day care homes.

Some communities require only that licensed family day care homes be operated consistent with state standards. Others require special use permits

must be renewed annually. Some require specific fire prevention equipment, and at least a few municipalities do not allow licensed family day care homes to be located in apartment buildings.

Zoning requirements for day care centers often require conditional use permits, with exceptions sometimes provided, if the center is located in a church building. Some municipal zoning codes prohibit the location of group family day care homes or day care centers in single family residential areas.

- B. Community and church groups, employers, private foundations and labor organizations have also played a role in expanding the availability of non-family child care services. A new day care service industry has evolved with a number of centers now run by private companies on a for-profit basis.

Much of the effort to improve the quality or availability of child care services has been done privately, without governmental involvement. A number of day care centers in the Twin Cities and elsewhere have been started by church or other community groups. Others have been started by private foundations. The Wilder Foundation in St. Paul has been particularly active in child care, now operating three pre-school and three school-age centers serving more than 300 children.

At least some major employers and labor groups have taken the initiative in establishing day care centers at or near work sites. Control Data has led a consortium of several major Minneapolis employers in establishing and assisting a day care center near its north Minneapolis manufacturing plant. The Polaroid Corporation in Cambridge, Massachusetts has established a voucher program which subsidizes child care costs for its employees depending on their income and family size. The labor organization taking the strongest interest in child care has been the Amalgamated Clothing Workers of America which has negotiated child care benefits for its employees and established and operated child care centers near work sites in several cities including Baltimore and Chicago.

An important response to the growing demand for non-family child care has been the development of a new day care service industry. Nationally, a majority of the spaces in licensed day care centers are in private, proprietary centers. Many of these are 'ma and pa' operations. One of the nation's largest chains of day care centers started here in the Twin Cities. It now has over fifty day care centers in seven states with a total enrollment of more than 4,500 children. Ten of these centers are located in the Twin Cities metropolitan area.

Much of this response has been stimulated by child care coordinating organizations and advocacy groups. Some of the organizations provide support services and peer support for licensed child care providers. Others help identify child care needs in their communities and stimulate public and private action to help meet those needs.

- C. Public and private response to the needs for non-family child care arrangements has resulted in a significant increase in the licensed capacity of day care centers and family day care homes.

Much of the public and private response to the growing needs of parents for non-family child care has come since the late 1960's.

In the Twin Cities area, the number of places for children in licensed all-day centers has nearly tripled in the past six years, from 2,822 to 7,577.²⁶

In Minnesota, there are currently 264 full-day centers, 410 half-day centers, and 124 Head Start with a total licensed capacity of 23,513.²⁷ The licensed capacity of half-day centers in Minnesota is slightly larger than that of full-day centers.

The number of places for children in Twin Cities area family day care homes has nearly doubled in the past six years, from 5,697 to 9,743.²⁸

Although we have had to use very rough estimates for some of the public funding programs, it appears that something over \$34.0 million in public funding is going to child care and early childhood education in Minnesota in 1976.* Nationally, the federal government is spending more than \$1.6 billion on child care and early childhood education in the current fiscal year.²⁹ There are now approximately 1.5 million places for children in licensed day care centers and homes nationally.³⁰ This represents more than a tripling of the capacity of licensed child care programs nationally in the past ten years.

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* See Background section for a listing of the public funding programs.

PART III -- EXISTING CHILD CARE ARRANGEMENTS

IV. Despite the growing need for non-family child care, the family is still the primary day-time child care provider.

A. Most pre-school children in 1976, continue to be taken care of for all or part of the working day by their parents.

Although record numbers of mothers of pre-school children are now working outside the home (39 percent in 1975), it is important to recognize that most mothers of pre-schoolers (61 percent in 1975) are temporarily or permanently working in the home on child rearing and other household responsibilities.

At least some children of working mothers are also being taken care of at home by their fathers. As we have noted, available surveys of child care arrangements used by working mothers suggest that about 10-15 percent is being provided by fathers.

Among the 39 percent of mothers of pre-schoolers who are working outside the home, many need assistance with child care for only part of the working day. About one-third, for example, are currently employed on a part-time basis. A 1974 U. S. Department of Labor survey found that about 25 percent of employed mothers of children under age three were employed on a full-time basis for the entire year prior to the survey. The other 75 percent had worked either part-time, or worked full-time for only part of the year.³¹

B. After parents, the next largest category of child care providers continues to be relatives.

Although the data on non-parental child care arrangements is very incomplete, the available surveys of parents strongly support a finding that relatives continue to play a very important role in providing child care services.

The most recent national survey, undertaken by the U. S. Department of HEW in 1975, found that, for children under age 14 of working parents, relatives were the most frequent child care provider.³² The study estimated that more than 40 percent of children of working parents surveyed were taken care of by a relative, either in the child's or relative's home.

A 1974 study of child care arrangements in Ramsey, Dakota and Washington Counties grouped relatives with neighbors and other persons.³³ It found that 58 percent of children under age 12 of working parents were taken care of in their own home by either relatives or other persons.

V. The important role of parents in child care is reflected in efforts to increase the amount of time available to working parents for child care and to improve the ability of parents to assume child care responsibilities themselves.

A. A number of approaches are being tried or proposed which give parents greater flexibility in combining child care responsibilities with out-of-home careers.

Perhaps the most common approach being used is that of part-time employment. As we have already noted, large numbers of mothers are already working less than full-time while their children are in their pre-school years. Although many jobs are adaptable to being made part-time, most part-time jobs are in lower paying occupations traditionally dominated by women. In 1975, for example, about 25 percent of women ages 25-54 were employed part-time. In the same age ranges, five percent of men were employed part-time.³⁴

One approach being taken to make more part-time professional jobs available involves sharing responsibilities for a full-time position between two part-time employees. For example, the project resource coordinator for the Community Design Center in Minneapolis is actually two persons who each work half-time. Both are mothers with young children who wanted to combine care of their own children with out-of-home careers. Hennepin County has recently created 12 part-time social worker positions in its welfare department. The move was in response to a request from a group of young mothers in the department who wanted to combine family and job responsibilities.

Some shared jobs involve two individuals who work together on the same projects, each working half-time. Other options involve dividing a job in half and sharing the full-time position's salary, fringe benefits, office space, etc. Several examples were cited to the committee where a husband and wife are sharing a single university faculty position, each teaching a portion of the normal course load for one professor. Salaries, fringe benefits, and non-teaching responsibilities are all shared on a pro-rated basis.

Some employers have opposed the concept of encouraging more part-time employment because they feel it will increase costs for recruitment, training, fringe benefits, social security taxes, and administrative overhead. More employees, it is argued, require more supervision, more space, and more paperwork. One concern often expressed is the fact the employers must pay their share of social security taxes, up to a maximum salary of \$15,300 regardless of whether the employees are full or part-time. Two \$15,000 employees, instead of one \$30,000 employee, will roughly double the employers share of social security taxes.

Supporters of part-time employment alternatives counter by citing studies which have shown that part-time employees are more productive per hour than employees working full-time. A study done of half-time social workers in Massachusetts found that they were able to handle about 80 percent of the work load of full-time workers.³⁵ Catalyst, a New York based organization, has prepared fringe benefit packages which demonstrate how virtually all benefits can be pro-rated to match differing amounts of time worked by persons on the same job. Catalyst argues that increased productivity of part-time employees far outweighs any additional recruitment, training or other administrative costs.

One additional work schedule option which requires no reduction in the number of hours an employee works is often referred to as 'flexible work hours' or 'flex-time.' Flex-time usually involves a 'core' part of the day, from 9:00 a.m. to 3:00 p.m., during which all employees must be at work. The employee may begin work any time between 6:30 or 7:00 and 9:00 a.m., then work eight hours and leave.

Control Data Corporation was one of the first large employers in the nation to make flexible work hours available to its employees. Studies by Control Data have found that large numbers of working parents set their starting and ending times for work

to coincide with the beginning or end of their childrens' school day. We were told by representatives of several Twin Cities area employers using 'flex-time' that at least some of their employees have spouses who also can set their beginning and end time for work. These parents are then able to guarantee that one parent will be home both before their children leave for school and when the children come home from school in the afternoon.

The major obstacles to widespread use of 'flex-time' appear to be fears of managers that needed control over employees will be lost. Studies conducted by employers using flex-time have found that resistance of managers to the programs decreased considerably after they had had some experience adapting to it.

B. Efforts are also being made to improve parenting skills and competence through parent and pre-parent education programs.

Partially in response to growing interest in early childhood development and general concerns about the status of the family in society, a number of courses and programs involving 'parenting education' have appeared over the past several years. Some involve both parents and children. Some involve just parents. Some are quite expensive. Parent Effectiveness Training (PET), for example, is being offered throughout the country for about \$90 for a six week course.

One locally originated program, Minnesota Early Learning Design (MELD), has been organized on the 'peer support' model which is often used to get people to lose weight or give up drinking or gambling. Volunteers are used heavily in the program which is run in cooperation with local community organizations, churches and schools.

A major part of the effort to improve parenting skills is taking place among young people in high school, before they become parents. 'Pre-parenting' courses are now offered in many area high schools and through youth organizations such as the 4H, YMCA and Boy Scouts. Minnesota is one of a handful of states nationally which has been selected by the U. S. Department of HEW to test and develop curricula for pre-parenting education programs run through youth and community organizations. Many of the young people being attracted to the programs are interested in careers in education or child development.

Parenting and pre-parenting education programs are emerging from almost all aspects of society. Some are run by schools. Others are run by church groups and community organizations. In some cases, prenatal courses run by hospitals are being extended beyond the child's birth to include aspects of physical, social and mental development which parents can influence in the child's first years of life.

VI. Precise data on child care arrangements used by working parents is very incomplete. Available information suggests, however, that a large number of alternative child care arrangements are being used. Most are informal and involve no governmental regulation or funding.

A. While the data is imprecise, it is clear that a substantial majority of working parents are using informal child care arrangements.

One source of information on child care arrangements comes out of the licensing process. It tells us the capacity of licensed group centers and family day care homes in each county. Usage of licensed facilities varies from day to day, however, so that it is impossible to say precisely how many children are taken care of in licensed homes or centers. Information is also not available on the proportion of children in licensed centers or homes whose mothers and/or fathers are not working outside the home. Many children in nursery schools or other half day programs are in those programs for reasons other than to enable their parents to be employed.

The available information does suggest, however, that fewer than 20 percent of pre-school children of working parents are taken care of in either licensed group centers or family day care homes. In the Twin Cities metropolitan area, there are currently about 17,350 places for children in licensed, all-day child care facilities; 7,600 in centers and 9,750 in homes.³⁶ There are an estimated 70,000 children under age six in the seven county area whose parents both work or whose only parent works.³⁷ At least some of the 17,350 licensed places for children are vacant. The operator of one chain of ten day care centers which operate mainly in the suburbs estimated that his centers were never more than two-thirds full. According to the Hennepin County Welfare Department, there are currently more than 1,000 vacant family day care 'slots' in Hennepin County. Some centers, on the other hand, maintain waiting lists. They are generally centers offering subsidized care in areas with high concentrations of persons eligible for 'free' care.

In trying to understand the nature of care provided the 80 or more percent of children of working parents who are in informal settings, we relied primarily on four surveys: 1) a study undertaken by the Greater St. Paul Council for Coordinated Child Care in 1974 of child care arrangements in Ramsey, Washington, and Dakota Counties;³⁸ 2) a survey undertaken by the Hennepin County Administrator's Office in 1971;³⁹ 3) a national survey undertaken in 1965 by the Children's Bureau in the U. S. Department of HEW;⁴⁰ and 4) a national survey undertaken in 1975 by the Office of Child Development of HEW.⁴¹ Details of the findings of these and other surveys are found in the Background Section of this report.

The surveys, their limitations aside, all support a general finding that approximately half of all young children of working parents are taken care of in their own home by a relative, neighbor or other babysitter. Approximately 25-35 percent are taken care of in another person's home. Some of these homes are licensed but most appear to be informal arrangements with relatives or neighbors. Between five and ten percent of young children of working parents are taken care of in licensed full-day or Head Start centers. The remainder accompany their parents to work or are left on their own, mainly before or after school.

B. A wide variety of both formal and informal child care arrangements are used by parents with small children.

The child care arrangements which we identified break down into the following general categories:

- Informal in-home child care--This is a broad category of arrangements which include child care provided by members of the child's own household, other relatives, neighbors, live-in housekeepers and other paid babysitters who come into the child's home. Much of this child care appears to be provided

without direct monetary compensation. Child care provided in the child's own home does not require licensing. The child care providers must be certified if Title XX funds are involved.

- Informal family day care--Large numbers of children are taken care of in their child care provider's home. Such providers might include relatives, neighbors or others who do child care as a business. In Minnesota, child care provided by a relative or for the children of one other family does not have to be licensed. Some informal family day care is compensated, but much is not. Based on contacts which we have with persons doing family day care for compensation, rates appear to range from about \$20-30 per week.
- Licensed family day care--In Minnesota, persons caring for children of more than one other family must become licensed. These are usually persons who are providing child care for compensation. Costs range from about \$25-30 per week per child. There are presently about 3,700 licensed family day care providers in Minnesota with a licensed capacity of about 14,000 children.⁴² About 2,650 of these homes and 9,750 of the licensed family day care 'slots' are located in the Twin Cities metropolitan area.'
- Licensed full-day day care centers--Full-day day care centers are operated in Minnesota by church and community groups, private individuals, private corporations and non-profit organizations. There are currently about 265 full-day centers in Minnesota with a licensed capacity of 10,100.⁴³ According to data provided by the Minnesota Department of Public Welfare, it appears that occupancy in the centers reporting to DPW in May of 1976 was somewhat under capacity. Several of the subsidized centers have reported waiting lists. Rates in full-day centers average about \$25-35 per week in state licensed centers; and \$45-55 per week in centers meeting the federal interagency day care requirements. Rates also vary slightly depending on the ages of children enrolled, with higher rates charged for younger children, because of higher staffing ratios required by state and federal standards.
- Licensed part-day day care centers--Many full-day centers also offer part-day or part-week options to parents who do not wish to have their children enrolled full-time. The operator of one chain of day care centers in the Twin Cities reported to the committee that between two-thirds and three-fourths of the children enrolled in his centers were enrolled less than full-time. Many parents evidently want some group exposure for their children but either can't afford full-time center care or don't desire it. Many of the part-day centers are more traditionally known as 'nursery schools.' There are approximately 400 part-day child care programs operating in Minnesota with a total licensed capacity of about 10,500 children.⁴⁴ Because many of the centers have two shifts of children per day, however, actual enrollments in the part-day child care programs reporting to the State DPW in May, 1976 are more than 20,000. Approximately three times as many children are enrolled in part-day programs in Minnesota as are enrolled in full-day programs.
- Licensed parent cooperatives--Parent cooperatives generally refer to group child care programs in which some or all of the staffing is done by the parents of the children enrolled in the program. Many of these programs offer only part-time care. Under the state day care licensing regulations, parent

cooperatives are defined as incorporated, non-profit, group child care programs which are governed by a democratically elected board made up of at least seventy-percent parent users of the program. The board must meet at least once every six weeks. Some standards normally applying to state licensed group day care programs are waived. Because many of these programs are partially staffed by parent volunteers, their rates tend to be lower than other state-licensed day care centers. According to the Minnesota Department of Public Welfare, there are now about 20 parent cooperative child care programs licensed to operate in the state. About 70 percent are in the Twin Cities metropolitan area.

- Montessori and other 'educational' child care programs--Some day care centers in the Twin Cities area use Montessori teaching methods and materials but still conform to state staffing ratio and other standards required of all group day care centers. Some even meet federal standards. Other Montessori schools, particularly those belonging to the Minnesota Montessori Foundation, have traditionally been exempted from the staffing ratio requirements. Many advocates of the Montessori teaching methods believe that the state staffing ratios (1:10 for pre-schoolers and 1:7 for toddlers) do not allow children enough opportunity for self-discovery and experimentation. Effective earlier this year, however, the Minnesota Department of Public Welfare has notified directors of Montessori programs that they must conform to the state staffing ratios and obtain licenses from the state in order to operate. Montessori schools offer both full- and part-day programs. There are currently 38 Montessori schools in the Twin Cities which are members of the Minnesota Montessori Foundation. Their enrollments total about 2,300 children with about 2,000 of those children in half-day programs.⁴⁵
- Early childhood education programs run by public schools--Under state legislation adopted in 1974, the Minnesota Council on Quality Education is now funding a limited number of 'pilot' early childhood education projects run by local public school districts. Eleven such projects are being funded during fiscal year 1976 at a total annual cost of about \$500,000. Seven are in the Twin Cities metropolitan area. In addition to these state funded programs, some school districts are operating early childhood programs funded by the federal government through its Office of Education. Some programs run by schools are fee paying and others are totally subsidized. Programs run by local school districts generally do not have to be licensed by the state Department of Public Welfare unless they are funded under Title XX.
- Before and after school programs--Although they are in school for most of the day, many elementary-aged children need to be taken care of between the time their parents leave for work and school starts, and after school before their parents come home. Some school districts are now beginning to offer before and after school child care services for elementary-aged children. The same is true for some licensed day care centers. The Minneapolis Public Schools have six 'latch key' programs, as they are often called, with hopes of adding several more. The costs of the programs are borne by parent fees, Title XX, and other child care subsidy programs. 'Latch key' programs must be licensed if they provide child care services on a day-to-day basis. The programs must meet the same federal standards required of full-day programs (with variations in staffing ratios for different ages of children) if Title XX funds are being used. In addition to the 'latch key' programs run by school districts and day care centers, many parents use Scouts, 'Y', park and recreation, and other informal programs as after school child care. These programs do not have to be licensed unless they provide child care services on a day-to-day basis.

- Specialized and short-term child care programs--Finally, there is a whole category of child care arrangements which meet specialized needs. A few day care centers accept children on a 'drop-in' basis. Parents pay by the hour for the service. The downtown Minneapolis YWCA opened a 'drop-in center' in mid-1976 which cares for children up to four hours a day and 12 hours a week. The center is designed as a service for persons engaged in 'Y' activities, but is also used by persons coming downtown for a concert, shopping, etc. The center accepts children from three months to five years of age. In addition, short-term child care services are provided in some retail stores, bowling alleys, resorts and during some church services and public meetings. Generally, the arrangements do not have to be licensed as long as the parents of the children are presumed to be on the premises. If the children are being left in a drop-in center so that parents are able to go to another location, the center must be licensed.

In addition to drop-in child care arrangements, we were able to identify a very limited number of child care providers or programs who specialize in caring for children who are sick, or who need care during the evening or on weekends.

- C. In addition to the child care arrangements available and being used, a number of programs provide support services to both home-based and center-based child care providers.

They include:

- Information and referral--Referrals to licensed family day care homes and day care centers is done by each county welfare department in Minnesota. In addition, the Greater Minneapolis Day Care Association and Greater St. Paul Council for Coordinated Child Care do referral for group day care centers. Some referrals for licensed child care programs are also done by the private human services planning organizations in Hennepin and Ramsey Counties. Information and referral for unlicensed child care is done very informally, usually through want ads in newspapers, notices on laundromat and supermarket bulletin boards, and by word of mouth.
- Child care coordinating organizations--As we have noted earlier, much of the credit for the expansion in child care services which has taken place in the past ten years can be attributed to the child care coordinating organizations which have been established. The two largest child care coordinating organizations in Minnesota are the Greater Minneapolis Day Care Association (GMDCA) and Greater St. Paul Council for Coordinated Child Care. Both were founded in the late 1960's out of growing community awareness of the importance of child care. Both do community planning, parent referrals and provide technical assistance to licensed child care programs and groups seeking to start programs. GMDCA, in particular, has also provided legal assistance, training and health services, and coordination plus fee paid accounting and insurance services for individual child care programs.
- Child care resource centers--We were able to identify at least three child care resource centers in the Twin Cities area which provide support services to all types of child care providers. Two child care resource centers (Northside and Southside) have been established in Minneapolis. 'Toys 'n Things' is located in St. Paul. The Minneapolis resource centers grew out of a strong community based interest in improving child care. They do workshops

and training programs for child care providers, have playgroups for parents and children, publish newsletters, plan field trips and special programs for neighborhood children, refer parents to persons doing child care in their particular neighborhood, and provide many other support services to both parents and child care providers. Both the North and Southside Resource Centers are now funded largely by state Child Care Facilities and Minneapolis Community Development Block Grant funding. 'Toys 'n Things' provides similar services including an extensive toy lending library. It was started in 1972 by licensed family day care providers and others affiliated with the Greater St. Paul Council for Coordinated Child Care.

- Licensed family day care associations--Licensed family day care providers have organized themselves into peer support and service organizations in Hennepin, Ramsey, and several other counties in Minnesota. There is also a state licensed family day care association. Both the Hennepin and Ramsey County Family Day Care Associations now have staff and offices. The Hennepin County association opened a toy lending library in early 1976. Other services provided by the family day care associations include newsletters, representation of family day care providers before public agencies, group insurance, discounts on toys and general education on the importance of licensed family day care in the child care delivery system.
- Ramsey County Family Day Care Training Project--In addition to the ongoing family day care associations and child care resource centers, the Ramsey County Family Day Care Training Project was organized during 1973-74 to demonstrate ways of supporting family day care. Heavy emphasis was placed on training of family day care providers. Audio-visual materials and radio and television programs were produced as vehicles for increasing provider access to training programs. Family day care 'consultants' were used to direct support services to providers and recruit new providers. The 'Toys 'n Things' resource center was expanded and decentralized to give more child care providers access to its services. The two-year project was financed with federal, state and local resources.
- Babysitting clubs, services and training programs--We were able to identify a number of support programs for child care which serve informal, unlicensed providers. For a number of years, the Red Cross has sponsored babysitting training programs for teenagers. Joyce House, in Minneapolis, is a program for unlicensed child care providers which attempts to draw them into the formal child care delivery system.

We also were exposed to informal 'babysitting clubs' or 'cooperatives' organized by parents. These groups provide a structured arrangement for parents to do each other's babysitting. 'Hours of babysitting' represent the only compensation involved. The president of one babysitting club reported that she hadn't paid for a babysitter once in the three years she had been a member of the club.

Another type of assistance to parents is the professional babysitting service. We were able to identify several of these services in the Twin Cities area which screen babysitters and then refer them to parents who call. A portion of the hourly wage of the sitter often goes to the referral system.

-- Television as a child care provider--Finally, we have a difficult time not mentioning the current and potential use of television in child care. For many children, TV is an important child care provider. Much of this television viewing has been seen as having a negative influence on children. Some programs like 'Sesame Street' have been developed to have a positive impact on children, however. We were told that 'Sesame Street' is used as a supplementary resource in many day care centers and family day care homes. While much research has been done on the negative impact of television on children, we were told that very little research is being done on how television might be used more positively in child care. TV is also used for training child care providers. For example, televised courses were used by the Ramsey County Family Day Care Training Project to expand the reach of its training programs.

- D. Available data on parental attitudes and preferences would appear to at least partially explain the diversity of child care arrangements being used. The data show parental preferences for a number of different arrangements.

As is true for data on existing child care arrangements, information on parental attitudes and preferences about alternative child care arrangements is very incomplete. One recent study which has now generated preliminary findings is a 1975 survey of parents commissioned by the Office of Child Development in the U. S. Department of HEW.⁴⁶ The study surveyed over 4,000 parents nationwide. It found, for all parents using at least one hour of child care per week:

- Most parents using child care appeared satisfied with the child care arrangement which they are presently using. Child care provided by relatives earned the highest level of satisfaction. In all cases, fewer than 10.5 percent of the parents interviewed reported that they were either 'not completely satisfied' or 'dissatisfied' with their present child care arrangement.
- Higher income parents, who have the greatest freedom to choose among alternative child care arrangements, tended to prefer purchasing child care in their own home or another person's home over center-based alternatives.

Another report prepared in 1975 by the Stanford Research Institute for the U. S. Department of HEW found similar preferences.⁴⁷ The report was actually a survey of a number of prior studies of parent needs and preferences for child care. It found: "clearly, the preferred form of day care is that provided in the home, preferably in the child's own home, and preferably by an adult relative." The studies surveyed by Stanford Research Institute in drawing this conclusion included the 1970 Westinghouse survey of child care arrangements⁴⁸ and a 1965 survey of working mothers by two well known social researchers, Spindler and Low.⁴⁹ Both were done for the U. S. Department of HEW.

Another major national study of child care needs was "Windows on Day Care," published in 1972 by the National Council of Jewish Women.⁵⁰ According to the report of the Ramsey County Family Day Care Training Project, the "Windows" report found "family day care as the first choice for the majority of working women." Family day care usually refers to care provided in a home environment.

One additional indicator of the importance which parents attach to a diversity of child care arrangements is represented in the child care arrangements made by AFDC recipients. AFDC recipients may receive child care assistance in either of two

ways: 1) through their AFDC grant; or 2) through Title XX. The AFDC grant can be used to purchase any type of child care other than that provided by a relative. Title XX must be spent on a licensed center or home or a certified in-home provider. A 1973 survey of AFDC recipients in Minnesota found that following child care arrangements being used for children ages 3-5 with working mothers: relatives in the child's home (11.4%); a non-relative in the child's home (17.7%); a relative in another home (2.5%); a non-relative in another home (50.6%); group center (13.9%); and other arrangement (2.6%).⁵¹

In Ramsey County, where Title XX recipients are given the choice of center care, licensed family day care, and care in the child's own home, the following arrangements are being used in 1976: centers (38%); licensed family day care (43%); and in-home care (19%).⁵²

Two studies done in Minneapolis Model Cities and Hennepin County were cited to the committee as evidence of the preference of many parents for center-based care arrangements:

The 1972 survey of parents in Minneapolis Model City found 45 percent of the parents interviewed were dissatisfied with their current child care arrangement. The reasons cited for the dissatisfaction were the high cost of hiring a babysitter and convenience or reliability of current arrangements which the study found to be largely informal. The study found strong preferences among parents desiring a different child care arrangement for infant and pre-school care provided in centers and licensed family day care homes. The survey also found a large number of parents desiring to work (or study or train for a job), "if satisfactory child care were made available." A similar preference for infant and pre-school child care in centers and licensed family day care homes was found among these parents.⁵³

The 1971 survey of parents in Hennepin County found that 57 percent of women currently employed and using an alternative child care arrangement "would use a day care center if it were available at a cost they could afford."⁵⁴ The study also found that 39 percent of the women surveyed who were not employed "would work if 'satisfactory' child care arrangements were available." The most common criteria cited in defining 'satisfactory' child care arrangements were: "if a babysitter could be found who would care for the child in the home" (13.8%); "if an arrangement could be found which would satisfy the child's needs for individualized, personal care" (8.7%); and "if an arrangement could be found which would contribute to the child's growth and development by providing educational, or growth-stimulating experiences" (5.9%).

These and other studies which we reviewed did not suggest general parental preference for any one child care arrangement over others. They did suggest strong preference by many parents for home-based child care, particularly that provided in the child's own home and by relatives. The studies also suggest that many parents prefer child care arrangements which are more formal, either in a licensed family day care home or group center.

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PART IV -- PUBLIC POLICY ISSUES AND CHILD CARE

VII. Public policy on child care is currently a subject of lively national debate, in government, among parents and child care providers and in the public at large. A number of major issues are being raised in this debate.

A. Much of the present child care debate relates to the standards and other requirements established by government for day care centers and some family day care homes.

1. The role of the federal government in requiring adherence to its inter-agency day care requirements as a condition of federal funding has been a matter of heated controversy in Congress and between Congress and the President.

Two areas of the standards, dealing with operations of group day care centers and family day care homes, have been at the center of this debate:

-- Group day care centers--There are significant differences between the number of staff persons required under federal and state standards for group day care centers. Federal standards require at least one staff person for each: child up to age six weeks; four children between six weeks and three years; six children ages three to six. This compares with Minnesota group day care center standards of one staff person for each seven children between 16 and 30 months; and ten children from two and a half to six years of age.

-- Family day care homes--The major difference between state and federal standards for family day care involves calculation of the licensable capacity for homes caring for federally financed children. The federal standards require that all children under age 14 of the provider be counted when calculating capacity; the state standards count only pre-school children of the provider (who are likely to be in the home during the major part of the day.)

These two controversial areas of the standards have now been suspended until October 1, 1977 under a compromise bill adopted by the Congress during the final weeks of our work. By that date, a major study on the ratios now being done by the U. S. Department of HEW will be completed. The bill also drops the requirement now in the federal standards that school-aged children of family day care providers be counted in calculating the licensable capacity of family day care homes receiving federal funds. And, the bill appropriates \$240 million to be used to help states bring child care programs into compliance with federal standards not being waived or suspended. About \$4.4 million will go to Minnesota.

The controversy over standards is important since the existing standards dramatically affect the cost of child care and, indirectly, affect the number of children who can be served with a given amount of money. The differences in standards which apply to different types of programs is one of the major reasons the cost of providing child care services varies so greatly.

The impact which the standards have on the number of children served with limited funds was made more graphic by an example provided the committee by a staff member from Hennepin County. Currently Hennepin County is using federal Title XX funds to purchase about 1,100 child care slots in federal certified day care centers. If the same amount of county funding were used to purchase child care in centers which operated under state (but not federal) staffing ratio and other standards, care for about 1,800 children could be purchased.

In defense of the standards we had testimony from several directors of Title XX child care programs that the federal staffing ratios are essential to their efforts to deal individually with lower income children. Many of these children need special attention, we were told, because of learning disabilities, less stable home environments, and other problems. A majority of the children in some Title XX centers come from single parent families. The staffing ratios were also supported because they are more likely to ensure constant supervision for children in the event that one staff member is required to leave the room temporarily.

Opponents of the standards argue that there is no conclusive evidence that higher staffing ratios do anything more than increase the cost of child care programs and reduce the number of children who can be served with a given amount of funding. The higher staffing ratios do drive up costs, we found, to the point that day care centers operating under the standards are able to attract very few children whose fees are paid entirely by their parents.

2. Particular concerns have been raised by certain of the 'educational,' after-school, and 'drop-in' child care programs which are now being gradually required to conform to staffing ratio and other standards which apply to more traditional day care programs.

Much of the controversy revolves around the current effort by the Minnesota Department of Public Welfare to bring Montessori schools under the staffing ratio and other standards from which they have here-to-fore been exempted. Controversy has also arisen over the extent to which after-school and 'drop-in' child care programs should be subjected to the same standards required of more conventional all-day child care programs.

There are three principal issues involved: *First, should any exceptions to governmentally established staffing ratio standards be allowed, and, if so, under what conditions? Second, should after-school and 'drop-in' child care programs, many of which may be intended to be more custodial in nature, be subjected to the same staffing and other requirements of all-day child care programs which are intended to be more 'developmental?' And, finally, what is an after-school or 'drop-in' child care program? To what extent should the standards be enforced for after-school or summer park and recreational, scout, or 'Y' programs; or 'drop-in' babysitting services provided by retail stores and bowling alleys or during church services and public meetings?*

3. Concern about licensing as a means of regulating home-based child care providers has led some states to institute a program of mandatory family day care registration.

As we have already noted, North Dakota, Massachusetts, and several other states now have some form of registration rather than licensing as their method of regulating home-based child care. Supporters of registration argue that too few child care providers get attracted to the formal child care support system through licensing. It is also argued that licensing gives parents a false sense of security about licensed child care providers since the state certifies that licensed homes are meeting certain standards. They point in particular to the low number of family day care licenses which are revoked, and express concerns about relying on a single, annual, announced inspection by a representative of the licensing agency. Registration, it is argued, relies more on parents to monitor quality and to report suspected abuses to the state. Supporters of this position point to the early increases in North Dakota in both the number of home-based child care providers who are becoming registered and the number of complaints being issued by parents in their expanded role in enforcing standards.

Licensing supporters argue that the state has an important responsibility to ensure minimal levels of quality in child care programs involving non-relatives and children from more than one family. It is argued that an inspection by a trained person should be required in each case prior to placement of children in that home. Although the annual inspection is a minimal guarantee, it is argued, inspection does provide some assurance to parents seeking to place their children in a home-based child care arrangement. This is particularly true, it is argued for parents who don't know what to look for in a child care arrangement or feel inhibited when interviewing a potential provider.

Backers of both licensing and registration expressed support to our committee for a system of voluntary registration for home-based child care providers who do not now have to be licensed. This would allow persons who take care of children in the child's home, or who care for children from just one other family, to get plugged into the information and referral and support system now available only to licensed family day care providers.

The controversy over licensing versus registration raises several important issues: *What should be the primary purpose of regulating home-based child care providers? What relative roles should government and parents have in enforcing standards? Should some means be sought to bring more child care providers into the formal support system? Should registration be used to make referral and support services available to more child care providers, including those who do not now have to be licensed.*

- B. In addition to the controversy over standards and licensing, some participants in the child care debate nationally are arguing that government has no business involving itself in decisions parents make about the care of their children.

Apparently in response to a well-coordinated letter writing campaign, thousands of angry letters were received by Congressional offices in late 1975 and early 1976 claiming that the proposed Mondale-Brademas "Child and Family Services Act" would remove child care responsibilities from parents and weaken discipline in families. The letters appear to have been stimulated by a widely and anonymously circulated flyer distributed in Minnesota and a number of other states. The charges made in the flyer have been vigorously denied by supporters of the Mondale-Brademas bill. Even opponents of the legislation have expressed concern over the inaccuracy of the flyer and fear that it may serve to discredit more factually based opposition.

Regardless of the accuracy of the charges being made, it is apparent that many Americans believe the primary child care issue is whether government should encourage non-family and particularly center-based child care. Tied closely to this debate are emotional differences of opinion over the role which parents, and particularly mothers, should play in child care.

Some are arguing that governmentally encouraged child care programs will weaken the family and encourage what they view as an unwise exodus of mothers of young children from the home and into the work force. Strong and equally emotional voices are raised on the other side which argue that governmentally encouraged child care programs are essential to giving women the kind of discretion in choosing and pursuing a career outside the home which they, here-to-fore, have not had. Some are arguing that a strong governmental role in child care will reduce welfare roles by allowing more low income mothers on public assistance to become employed.

This debate raises several fundamental issues: Is child care the essential variable, either in determining the health and stability of the family, or in encouraging the employment of women? What impact have governmental child care programs had on families which have used them? What about the millions of women who have successfully sought and held jobs while using informal, unsubsidized child care arrangements? What other important factors, unrelated to child care are influencing trends which we have observed in families and among women?

- C. Proposals for major increases in governmental funding for child care have raised fundamental issues of priority: the priority which child care should have in relation to other programs needing funding.

Much of the opposition to a stronger governmental role in child care has come on fiscal or budgetary grounds. Congress is facing severe pressures to more closely match federal revenues and expenditures. All new programs are receiving the most severe scrutiny. The same types of budgetary pressures and response are evident in state and local governments.

Some point to the growing need for non-family child care and the large gap between the numbers of children needing care and the number of licensed 'slots' for children in day care centers and family day care homes. Others may favor governmental funding for child care on principle but do not see as high a priority for child care as for other programs needing funding.

The key issues, then, are: *What, precisely, is the child care problem? What are its dimensions? How should child care rank in priority with other public needs seeking public funds?*

D. The issue of priorities also gets raised when available funds for child care are divided between different types of child care programs, and between direct provision of child care services and indirect support for child care through financing of information, referral, support and education services.

1. Most public money for child care goes to purchase child care 'slots' directly from providers who must meet standards for staffing, physical facilities and other aspects of their operation as a condition of governmental funding.

Broadly speaking, governmental funding programs for child care fall into two general categories:

- Programs which distribute funds to *providers* of child care, and
- Programs which distribute funds to *consumers* of child care.

In 1975, approximately 75 percent of all federal child care dollars were in programs in which essentially all funds go to *providers* of child care. The largest federal child care funding program is Title XX, which also funds a number of other social services. Other federal programs which fund primarily child care providers include Head Start, the Work Incentive Program (WIN), and the Child Care Food Program administered by the U. S. Department of Agriculture (USDA).

The remaining 25 percent of federal child care dollars in 1975 went directly or indirectly to *consumers* of child care through AFDC and federal income tax deductions. At least some funds are also going directly to parents under job training programs funded by the Comprehensive Employment Training Act (CETA).

Other than matching funds for the AFDC program, the only state or local tax dollars in Minnesota going directly to consumers of child care to use on a discretionary basis flow through the state's limited income tax deduction program.

The importance of the distinction between programs which fund child care providers and those which fund consumers of child care is that, with limited exceptions, the governmental programs which fund providers require that recipients be *licensed*. When funds go directly to parent/consumers, more discretion is often available in choosing from among the variety of child care arrangements. For example, AFDC grants can be spent to purchase virtually any type of legally operating child care except that provided by relatives. The same is true for income tax deductions. We were told that the limited funds available in some CETA job training programs for support services including child care may be spent to purchase child care from relatives, neighbors, or other unlicensed providers.

The focus of public funding for child care on direct purchase of licensed 'slots' has both defenders and critics.

Some would argue that government has a legitimate responsibility to set standards for programs affecting the health and safety of small children, and particularly, to require that publicly funded child care programs be operated in conformance with those standards.

Others would argue that parents should be given maximum discretion in choosing the particular child care arrangement which they feel is best for their children, and that public policy ought not interfere with those choices.

A third position in this debate is that government should assure minimal health and safety standards, particularly for group child care programs, but that child care services should focus more on information and referral, training and other supportive services for parents and child care providers.

The 1975 national parent survey done for HEW which we cited earlier found that parents interviewed ranked as first priority for public expenditures, "referral services to get information about screened and qualified people and agencies to provide child care." Next in priority were "summer programs" and "training programs for caregivers."⁵⁵

A number of important issues get raised in this debate: Should public funds continue to be used primarily to purchase 'slots' for children in licensed child care programs? Or should a higher priority be given to support programs, information and referral services, and training, with additional public dollars channeled directly to parents to purchase the child care arrangements which they prefer, whether licensed or not, center or home-based, relative or other provider?

2. Where government has had discretion in allocating child care funds, we found it has tended to focus available public dollars on direct purchase of full-time center-based child care arrangements. There have been some exceptions.

Technically, both family day care homes and group day care centers are eligible for Title XX, WIN, State Child Care Facilities, and Minneapolis Community Development Block Grant funding. Most support services are also eligible. These are the major programs in which state, county and municipal governments have discretion in purchasing child care from providers. All providers must be licensed, however.

In 1975 or 1976, depending on the program, the following breakdown in governmental expenditures for child care were reported to the committee:

- Hennepin County reported that, in 1976, it is purchasing child care with federal, state and county funds totaling \$5,645,000.⁵⁶ Of this amount, the county estimated that 90 percent went to purchase 'slots' in licensed day care centers. Seven percent went to licensed family day care providers, and three percent to informal, unlicensed providers. The unlicensed care was probably purchased by parents through AFDC, we were told.

- The State Child Care Facilities program reported that, of its grants made in 1975-76, 85-90 percent went to day care centers and 10-15 percent to family day care providers.⁵⁷ The share going to family day care appears to be increasing, however. In fiscal year 1977, approximately 19 percent of the state Child Care Facilities Act funding in Hennepin County went to licensed family day care.
- In the first year of the Minneapolis Community Development Block Grant program, (1975-76), \$700,000 was allocated for child care.⁵⁸ Of this amount, about four percent went directly to family day care and 80 percent to licensed day care centers. Nine percent went to supportive services, of which 45 percent went to family day care provider support services. Also, about 18 percent of the sliding fee scale program financed under the CDBG program went to licensed family day care. The share of this year's funding going to family day care appears to be increasing in the second year of its operation.

In Minnesota about 57.3 percent of all licensed full-day child care 'slots' are in family day care homes. This percentage is 47.2 percent in Hennepin County and 44.2 percent in Minneapolis. Family day care appears to be receiving between 10 and 15 percent of money which government uses to purchase care from licensed, full-day child care providers. Support services are receiving even less.

A major exception to this finding is represented in the much larger use being made of licensed family day care in Ramsey County. For example, in 1976 Ramsey County is placing about 38 percent of its Title XX funded children in day care centers. About 43 percent are in licensed family day care homes and 19 percent are being taken care of in the child's own home.⁵⁹

3. In addition to this distribution of funds between center-based and home-based child care arrangements, we also found heavy emphasis in child care funding programs on full-time child care.

This priority for full-time child care arrangements apparently reflects the intent of Congress and state and local policy bodies that child care should help people become employed in full-time jobs. This theme is very evident in a policy statement on child care adopted in December 1975 by the Minneapolis City Council. Funding priorities established for the Minneapolis Community Development Block Grant program for child care are consistent with this policy. The priorities are: 1) full-day programs; 2) half-day programs for children with special needs (including physically, mentally and emotionally handicapped children); 3) latch-key programs; 4) other half-day programs.⁶⁰

The emphasis on full-time child care arrangements is also evident in the Title XX policy of funding care for children in centers offering care five days per week and at least five hours per day. We were told that this policy relates to the emphasis in Title XX on encouraging more economic independence for lower income families, many of whom are headed by one parent.

A final example of the emphasis on full-time child care may be found in the state income tax deduction for child care. In order to claim this deduction, both parents (or the only parent) must be employed full-time.

E. The administration of child care programs is a major issue being debated locally and nationally. Issues involve who should have responsibility for administering child care programs, and what procedures or reporting requirements should assist the administering agency maintain accountability for expenditure of public funds.

1. As public interest in child care has increased, concerns have been expressed about the role of welfare departments in child care and coordination of child care services among various governmental agencies.

We found that state and county welfare departments have traditionally been responsible for funding and regulation of publicly supported child care programs. A number of other state departments also deal with aspects of child care programs in Minnesota, however. They include: health, education, employment services, state planning and the office of the governor.

Two sets of concerns have arisen out of this pattern of administration. One involves the so-called 'welfare stigma' which some claim drives persons away from programs funded or regulated by welfare agencies. The second involves concerns about coordination or services being aimed at children and families among the large number of agencies which are planning and delivering those services.

One approach being taken to deal with these concerns involves administrative reorganization. In Massachusetts, for example, a 'State Office for Children' has been established which plans, funds and delivers child care and other child and family-related services. In Minnesota, a 'coalition' of governmental agencies is now considering recommendations to establish an inter-agency task force which would seek to better coordinate child and family services in the state.

A second approach involves efforts to better integrate the planning, funding, and delivery of 'human services' generally. At both the state and county level in Minnesota, efforts are being made to broaden and integrate welfare and other services under human services boards or departments.

A number of issues get raised in this discussion: *To what extent is the 'welfare stigma' a problem in getting home-based child care providers licensed or registered? Should the administration of child care programs be handled in a more specialized basis? Or should child care programs be better integrated and coordinated with other 'human services?'*

2. The Mondale-Brademas proposal has surfaced serious differences of opinion over the role which should be played by the public schools in administering publicly funded child care programs.

Some of the most vocal critics to the Mondale-Brademas proposal have been organized teachers groups and other educational organizations who strongly support federal funding for child care but believe it should be channeled exclusively through local public school systems. The Mondale-Brademas bill would leave to state and localities designation of a prime sponsor for child care programs in each area. School systems could be so designated, however.

The American Federation of Teachers (AFT), in particular, has argued that schools are better equipped to administer a large federal day care program than are the variety of public and private agencies that currently are active in day care. The AFT has been particularly critical of the role of for-profit child care programs. Other groups which have expressed support for a strong public school role in administering child care programs have included the AFL-CIO, National Education Association and American Congress of Parents and Teachers.

The AFT has argued that school-run day care programs could be better integrated with kindergarten and elementary school programs, and that school systems would be more responsive to parents through locally elected school boards. The AFT has been highly critical of the presently dispersed child care delivery system, claiming that it suffers from organization fragmentation which wastes money and lessens the impact which child care could have on the early development of children. Not unrelated to its interest in day care, the AFT has said, are the large numbers of currently unemployed teachers and under-utilized school facilities.

Albert Shanker, president of the AFT, has said that a "truly comprehensive program of day care and early childhood education is a program that would exceed \$20 billion of new revenue per year."⁶¹ Such a program, he argues, should be free and universally available. Since schools are already in place in every community, Shanker argues, they are the most logical delivery system for such a public service.

Opponents of public school control have responded that state and local discretion should be allowed in naming prime sponsors for administration of federally supported child care programs. They have argued that diversity of child care arrangements--home-based, centers, part-day, full-day, parent-coops, etc.--is important since parental attitudes and preferences vary so greatly. Under the Mondale-Brademas bill, this diversity could include for-profit child care programs.

Some opponents of public school control have also argued that teachers aren't necessarily equipped or trained to deal with very young children, and that, despite elected school boards, schools would be less responsive to parents than day care programs run by parents themselves or by church or other community-based groups.

The debate over the role of public schools in child care raises several important issues: *To what extent should public policy encourage diversity in child care arrangements? Should this diversity include for-profit programs? Should child care be a universal, free public service? If day care is going to be a universal, free public service, then should it become a function of the public school system?*

3. Concerns have also been expressed about the impact which reporting requirements and other procedures may be having on the level of discretion given parents in choosing publicly supported child care arrangements.

Both day care centers and family day care homes are generally eligible to receive public funds under Title XX and other governmental funding programs if they meet the proper licensing requirements. Because of the application, contracting and reporting requirements and procedures established for many of these programs, however, more sophisticated programs with larger numbers of children appear more likely to seek and receive funds.

Hennepin County, for example, currently purchases fewer than ten percent of its Title XX day care 'slots' in licensed family day care homes. Those family day care slots which are being purchased are affiliated with day care centers which act as fiscal and administrative agent for the homes.

The major reason for this pattern, we were told, is that administrative and contracting procedures used by Hennepin County to purchase social services would become extremely expensive and burdensome if day care 'slots' were being purchased from several hundred individual family day care homes. Administrative costs are much less, on the other hand, when the same number of slots are being purchased from several dozen day care centers.

Application procedures and reporting requirements are also responsible, we were told, for the relatively small percentage of Community Development Block Grant and State Child Care Facilities Act funding which is going to family day care. The procedures are used by the funding agencies in an effort to maintain accountability for the expenditure of public funds. We were also told that family day care providers tend to be very independent and many of them do not desire to become involved in publicly funded programs.

One approach to deal with the concerns about barriers to public funding of family day care has been a relatively simple, one-page contract used by Ramsey County to purchase Title XX 'slots' in individual family day care homes. Of the Title XX 'slots' being purchased by Ramsey County, almost two-thirds are in family day care homes or in the child's own home. This compares with less than ten percent in Hennepin County, which requires a formal Title XX purchase agreement contract for all child care being purchased.

A second approach being taken, as noted above, involves the formal affiliation of family day care homes with day care centers. These centers then act as the fiscal agent for the homes in administering Title XX funds.

Some Community Development Block Grant and State Child Care Facilities Act funds are also being set aside specifically for small grants to individual family day care homes. These grants are being used to purchase equipment or make physical renovations necessary for licensing. Some funds are also going to the family day care associations for toy lending libraries in both Hennepin and Ramsey Counties and staffing and rent for the associations.

The issues, then, relate closely to several of the approaches being tried: *How might administrative or procedural obstacles to the use of licensed family day care homes be eliminated? What role might day care centers, family day care associations, or other supportive organizations play in acting as the fiscal agent for family day care, redistributing funds to individual family day care homes on a less formal basis?*

F. Eligibility for child care subsidies has also arisen as a major issue, particularly as efforts have been made to expand eligibility for subsidies to include more families.

1. Income eligibility is currently a condition for most child care programs receiving governmental funding.

Families with incomes qualifying for AFDC and other income support programs generally also qualify for child care programs funded through the largest federal child care funding program, Title XX. In addition, families with incomes at or below 60 percent (adjusted for family size) of the state's median income also qualify for free child care services under Title XX. Families who receive child care benefits through income support, job training, and work incentive programs must meet the income eligibility requirements of those programs.

One of the major changes in Title XX (which replaced the former Title IV-A social services funding program in late 1975) was a provision which allows funds to be spent to finance a *portion* of the cost of child care and other social services for families which earn more than the income limits which qualify them for *totally subsidized* services. For families earning up to 115 percent of the state's median income, a portion of the cost of child care to the family can now be subsidized on a 'sliding fee scale.'

As a practical matter in Minnesota, however, the 'sliding fee scale' option for Title XX child care funding has not been available. Minnesota is one of several states which was already spending for social services at or above the ceiling for Title XX appropriations which was established by Congress in 1972. As a result, nearly all Title XX funds in Minnesota are being used to continue provision of free services to persons who are receiving AFDC or are earning less than 60 percent of the state's median income.

Unlike the federal programs, the State Child Care Facilities Act and Minneapolis Community Development Revenue Sharing programs do not necessarily have to fund programs which have income eligibility requirements. The federal and state governments and city of Minneapolis have established criteria for allocating funds, however, which include the income and employment characteristics of persons to be served by applicant programs. Since the Child Care Facilities funds need not be spent on federally certified programs, the funds are being used to initiate or expand programs which have fee paying parents. The same is true for the Minneapolis Community Development Block Grant funded program. In Minneapolis and suburban Hennepin County, some funds from these two programs are being used to fund a portion of the child care costs of parents with incomes above the Title XX eligibility limits.

2. One approach being proposed to expand governmental funding of child care is a partial subsidy of child care costs of families with incomes above the current eligibility limit for 'free' care. The size of the subsidy would be determined by a 'sliding fee scale.'

As a way of providing at least some financial assistance to parents just above the income eligibility limits for 'free' child care, many child care advocates are now proposing that additional public funds be appropriated for partial subsidy 'sliding fee scale' programs.

Several kinds of sliding fee scales are being used or proposed. Some, for example, require parents to pay the cost of child care up to a maximum fee, dependent on parental income. The subsidy would then pay the remainder of the cost of providing the care, whatever the cost is. A second approach would establish a maximum subsidy, again based on parental income, with parents required to pay the difference between the subsidy and the total cost of the child care arrangement used. A third type of sliding fee scale combines the first two. It requires parents to pay a part of the cost of child care, depending on income, but also places a limit on the subsidy for each child.

The differences in the types of sliding fee scales being proposed have a major potential impact on cost and on the types of care used. The more open-ended programs give parents maximum choice but provide little incentive to parents to choose a lower-cost arrangement. The total cost of such a program is very difficult to project or budget for. The maximum subsidy programs, on the other hand, may limit choices of parents if the maximum subsidy is geared to fees charged by a particular type of child care arrangement (such as family day care, for example.)

Small sliding fee scale programs are currently being operated by Ramsey and Olmstead Counties with local funding, and by the Greater Minneapolis Day Care Association with state and federal funds. As the programs have been set up so far, the partial subsidy to parents has generally been available to spend on whatever licensed child care arrangement the parent chooses.

Day care advocates proposed to both the 1975 and 1976 sessions of the Minnesota Legislature that a state financed sliding fee scale program be authorized and funded. Sliding fee scale services would also be authorized under the federal 'Child and Family Services Act' proposed by Senator Mondale and Representative Brademas.

Under the proposal considered by the Minnesota Legislature in 1976, state funds would have to have been matched with local funds. Although language authorizing the state to finance a sliding fee scale program was adopted in 1976, no funds were appropriated. Getting funds appropriated for a sliding fee scale program now appears to be the number one legislative priority for the Minnesota Children's Lobby and other day care advocacy organizations.

Supporters of sliding fee scale programs have argued that they are a way of spreading available child care resources further, to serve more families and more children. It is argued that, without sliding fee scale programs, parents whose incomes are at or near the eligibility line for 'free' child care may have a negative incentive to seek or accept a promotion or raise, rather than lose their eligibility for Title XX child care. Others eligible

for Title XX because they are on AFDC may choose to stay on public assistance, it is argued, because they would not be able to pay the full cost of a licensed child care 'slot' if they went off AFDC and become ineligible for Title XX funded child care.

Sliding fee scale supporters are also arguing that availability of partial subsidies to moderate income parents would help to economically integrate Title XX child care programs which, because of their cost, are now almost exclusively limited to lower income children whose parents qualify for 'free' care.

While sliding fee scale programs are widely supported by child care advocates, a number of concerns have been raised relative to their potential cost and limitation which they may impose on parental choice.

One concern relates to the lack of precise data which would substantiate the 'problem' which sliding fee scales are meant to address. We were unable, in our study, to determine through available data or studies what actually is happening to families at or near the current income eligibility limits for 'free' child care. We do not know, for example, how many persons are giving up raises or quitting their jobs in order to keep their children in 'free' child care programs. Neither were we able to locate any data on the child care arrangements being used by persons just above the income limits, or what is 'wrong' with those arrangements which are being made.

Another concern which has been expressed relative to sliding fee scale programs is the uncertainty of their long-term cost. A 1975 study conducted by Hennepin County noted that, as family income limits rise beyond the current income cut-off lines for free child care, the number of eligible children rises very quickly.⁶² It estimated that 4,500 additional children would qualify if the limit was raised from 60 to 80 percent. This would represent an increase of 130 percent in the number of children eligible. Depending on the level of participation and cost of care provided, the 1975 study found that a sliding fee scale program in Hennepin County could range widely in cost, perhaps as high as \$20.0 million per year.

Finally, concerns have been expressed that sliding fee scale programs would only serve to continue and expand a public policy which limits parental choice to licensed child care arrangements, rather than providing more general support to parents to assist them choose and finance any legally operating child care arrangements.

In addition to supporting funding of a 'sliding fee scale,' some day care advocates in Minnesota are now also arguing that the eligibility ceiling for totally subsidized care also be increased, from 60 to 65 percent of state median income. Beyond the financial needs of families in that income, one additional reason for the proposal cited by the Greater Minneapolis Day Care Association is a current decline in enrollments in Title XX day care centers which has left those centers with costs which are not being met by reimbursements for the purchase of subsidized care.

Discussion about sliding fee scale programs raises several important issues: *Should the concept of sliding fee scales be extended downward as well as up from the current income cut-off lines for free child care, requiring additional*

parents to pay at least a portion of the cost? Should subsidies to parents under sliding fee scale programs be limited to the purchase of licensed care? Or should informal arrangements also be subsidized under sliding fee scale programs? Because of the large number of families eligible and uncertainty as to the level of participation which will take place, will sliding fee scale programs be either very costly or unable to serve all those requesting assistance?

3. Increased income tax credits are also being viewed as a way of channeling additional public funds to assist parents finance the purchase of child care.

Although they are not always thought of as child care funding programs per se, federal and state income tax deductions are already among the largest sources of public funding for child care. Unlike nearly all other governmental child care funding programs, funds received through income tax deductions may also be used to purchase informal, unlicensed child care.

A number of aspects of these programs have raised concerns, however:

- Since the tax benefit has been available only to persons who itemize their deductions, the large majority of lower income persons who take a standard deduction do not qualify for this program.
- Limits on the income of persons eligible for the deduction on the Minnesota return (\$6,900 for a family with 2 or more children) have excluded middle and upper income persons from the program, persons most likely to itemize deductions.
- In order to qualify for a deduction, both parents (or the only parent) have had to be employed full-time.
- Deductions have been excluded for parents who are students.
- Child care provided by relatives has not qualified for deductions.
- The maximum deduction allowed on the Minnesota income tax return (\$600 or \$900 depending on the number of children) has been viewed as being so low as to be of very little assistance to lower income persons.

Changes in federal income tax law alleviating these problems were recently enacted by the U. S. Congress. Similar changes were considered in the 1976 session of the Minnesota Legislature but were not enacted. The maximum credit allowed under the federal legislation would be 20 percent of child care costs up to a maximum credit of \$800 per year for two or more children. The credit under the state proposal would be an additional ten percent of child care costs up to a maximum of \$300 for two or more children. The new federal law and state proposal allow part-time working parents to be eligible for the credit, and allow credits to be received if child care payments are made to relatives.

Supporters of these changes argue that they are needed as a way of

recognizing that child care is a work-related expense for many parents, which should not be taxed. The tax benefit should be allowed through a tax credit rather than a deduction, it is argued, since most lower income persons who use child care don't itemize deductions. Others have supported making a child care credit available to persons who take the standard deduction. Changes in Minnesota tax law have been supported because of what many have viewed as unreasonably low income limits and maximum deductions allowed.

Income tax credits for child care have been supported by some because they allow maximum parental discretion, particularly if proposed changes recognizing care provided by relatives were made in present law. Use of the income tax system to channel public funds to parents for child care would also cost very little to administer, it is argued.

Many of the concerns about using the income tax system to finance child care are not unlike arguments used against other tax benefits or 'loopholes.'

Some argue, for example, that the income tax system is already too complicated, and that it shouldn't be used to try to influence behavior or distribute public funds for specific programs. Others argue that, if additional public funds are to be provided to purchase child care services, they should be provided in a way which better holds government accountable for expenditure of the funds.

Many child care advocates, while supporting income tax credits in concept, feel that they have a limited role to play in financing child care. For one thing, the funds might not be available to parents until many months after they have been spent. If the income tax system were used as the sole way of channeling public funds for child care, it is argued, some parents and child care providers would have 'cash flow' problems.

Other large issues are also involved: *Should the income tax system be made even more complex through the increased use of credits and reductions to influence behavior or distribute public funds? To what extent should income tax credits or deductions be considered a public child care funding program? Or are tax credits for child care simply a way of providing tax equity for working parents similar to the other expenses which may be deducted because they are a necessary part of being employed? Should federal dollars spent on child care under Title XX have to be spent on programs which conform to federal standards when federal dollars channeled directly to parents through the income tax system can be spent on informal, unlicensed child care arrangements? What role might income tax credits play in using public funding programs to promote maximum parents discretion in choosing from among the alternative child care arrangements available? If both sliding fee scale programs and income tax credits are used to subsidize a portion of the child care expenses of parents, should they be integrated or coordinated? If so, how?*

- G. The issue of the relative role to be played in child care by working parents themselves is being raised as the federal government and some states consider legislation which would encourage more flexible work schedule options.

As we have noted earlier, not all efforts to meet the child care needs of parents are being directed toward child care provided by persons other than parents.

Increasing attention is being given to alternative ways of arranging parents' work schedules so that they might assume additional child care responsibility themselves.

Much of the initiative in offering parents work schedule options is coming from private sector employers. Some efforts are also being made in the public sector to encourage more work schedule options.

For example, legislation is now under consideration in Congress which would require that a certain percentage of persons employed by federal agencies be offered part-time or flexible hours options. State legislation encouraging part-time employment has already been adopted in Wisconsin and Massachusetts. The recently created Minnesota Advisory Council and the Economic Status of Women has indicated that alternative work schedule arrangements may be on its agenda for study.

Where alternative work scheduling has been tried, it does appear to have a positive impact on meeting the child care needs of parents. Cautions have been expressed, however, about relying too heavily on alternative work schedules as 'the solution' to the child care needs of parents. Factors cited include:

- The use of alternative work schedule arrangements may be limited due to fears of some employers of added costs for training, supervision and fringe benefits.
- The use of part-time jobs will be limited because some families need two full-time incomes and others need the only income to be full-time.
- Another limitation to the use of alternative schedules may result from concerns of some labor organizations that benefits, reduced hours or over-time pay might be lost under certain of the alternative work schedule arrangements being discussed.

On the other hand, proponents of alternative work scheduling argue that increased productivity and reduced costs result from giving employees more choices in organizing their time at work. One of the more positive outcomes of increased work schedule flexibility, it is argued, may be an increased role for fathers in child care. Proponents point to the studies which have been done on the importance of parents to early childhood, regardless of the child care arrangement being used, and urge maximum effort to increase the amount of parental time available for child care.

Whichever position prevails, the relative long-term role of working parents in child care does appear to be of significance to debate about more conventional approaches to meeting the needs of parents for child care.

If, for example, more parents are working part-time, there would appear to be a need for more part-time child care arrangements. The need for before- and after-school child care might be dramatically reduced if large numbers of parents were working flexible work hours. If, on the other hand, few parents have work schedule options available to them, more full-time, non-parental child care arrangements would appear to be needed.

A number of important issues are raised by this discussion: To what extent should public policy focus on efforts to assist working parents to handle more of their child care arrangements themselves? If large numbers of children are being taken care of by their working parents for at least part of the day, should more attention be focused on providing part-time child care? If children are with their parents for part of the day, should public policy be less concerned about seeking to guarantee more than safe, custodial care for the remainder of the day? What impact would large-scale use of flexible hours have on the need for before- and after-school child care? If the future role of working parents in child care is uncertain at this time, should caution be exercised in making substantial new commitments to full-time developmental child care facilities and personnel? Or should maximum flexibility to adapt to changing child care needs of parents be a primary ingredient in public and private efforts to deal with the existing demand for child care services?

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CONCLUSIONS

I. The growing child care needs of parents demand and justify a realistic and positive public response.

- A. Society--in both its governmental and non-governmental aspects--has an important and legitimate role to play in child care. The issue of societal involvement in child care is no longer 'whether' but 'how' and 'to what extent.'

The prospect of millions of small children being taken care of by persons other than their parents stirs deep emotions within many Americans. Some argue against the massive movement into the labor force we are now seeing among mothers with small children, citing the intense pressures already facing American families and the need for an even stronger role for parents in child rearing. Others fear excessive governmental intrusion into parenting responsibilities which they feel could lead to delinquency, lack of respect, and severe discipline problems among American children.

While we share this very real concern for the future of the family as a child rearing institution, we have concluded that society has no choice but to respond in a realistic and positive manner to the growing needs of parents for assistance in meeting their child care responsibilities.

Child care provided on a regular basis by persons other than parents is already a fact of life for nearly 40 percent of American families with pre-school children. For most of these families, the participation of both parents (or the only parent) in the work force is an economic necessity. For others, child care is essential to allow parents a choice of working in or out of the home. Governmental policy has even encouraged the use of child care to assist parents find employment rather than continuing participation in public assistance programs. Unlike past generations, most families are no longer able to turn to in-house relatives for assumption of child care responsibilities on a regular basis.

As a result of these changes in life style, labor force participation and government policy, child care today is increasingly being provided by non-relatives, in locations away from the child's home and under compensated arrangements. As the demand for and public support of child care have grown, a much larger public interest in child care has emerged which requires a societal response.

We strongly believe that public debate and action on child care must be responsive to these changed social circumstances ... and not unrealistically seek to reverse trends which appear to be irreversible. The child care debate should focus much less on 'whether' society should respond to these new circumstances and much more on 'how' and 'to what extent' that response should be made. This debate must focus not only on the appropriate role of government, but also on the non-governmental aspects of child care which continue to dominate the child care delivery system.

- B. Society's response to the growing demand for child care must be realistic in its expectations about the role which child care may play in addressing much larger issues involving access of women to the work force and the economic independence of families with small children.

We have found that child care is one of many factors which contribute to the ability of parents with small children to successfully seek and hold jobs. Particularly for single parent families, some type of satisfactory child care arrangement must be made before most parents of young children will take a job outside the home.

The availability of jobs and possession of marketable skills and training appear to have a much larger impact on employability of parents, however. Regardless of the availability of satisfactory child care arrangements, these more fundamental barriers must be overcome when parents are seeking employment.

Therefore, while we agree with the goal of permitting women a choice of working in or out of the home, we do not believe that society should expect that a major governmental role in child care will automatically make that choice available to all mothers with small children. Neither will child care, alone, reduce welfare rolls or increase economic independence of lower income families.

Public policy on child care must be realistic in its expectations. Its purpose must be put in perspective.

Child care--broadly defined--is an essential and desirable human service. Demand for child care is growing. A positive public response is justified. But, child care alone ought not be relied upon to solve more fundamental problems involving access of women to the work force or the economic independence of families with small children.

II. Significant progress has been made in addressing the child care needs of parents in Minnesota. Public support should now be broadened to include a wider diversity of child care arrangements, both formal and informal.

As we have noted, public support for child care has grown significantly in Minnesota over the past ten years. A major expansion has taken place in the capacity of group day care centers. Family day care has grown substantially and has begun to be viewed as a 'profession.' A number of successful efforts have been made to license, train, and support home-based child care providers. Child care subsidies to lower income families have been significantly enlarged. The public is much more aware of the growing child care needs of parents.

Much of the credit for these advancements must go to the child care coordinating and advocacy organizations which have come into existence over the past ten years. Minnesota, during this period, has come to be known as a leader nationally in many areas of support for child care. Much of the credit for this leadership rightfully belongs with local child care coordinating organizations, family day care associations and enlightened leaders in both government and the private sector.

We believe that Minnesota's past leadership in providing public support for child care now needs to be expanded to include more of the wide diversity of child care arrangements used and preferred by parents.

A. Public policy on child care should be responsive to the wide diversity of child care arrangements currently available and being used, and the diversity in parent preferences about which child care arrangements are 'best' for their children.

Although the precise distribution of children is not known, it is clear that a great variety of child care arrangements are being used by parents. The arrangements vary by location (home-based, center-based); by length and frequency of use (drop-in, after-school, half-day, full-day); by administration (private home-based, parent coop, non-profit, for-profit, public agency); and by degree of sophistication and cost (informal barter to formally structured, higher cost programs.)

This variety of child care arrangements appears to have evolved partly because the needs of parents for child care vary so greatly. Some parents need child care only occasionally; some need it part-day; some all-day; some for only part of the year. The age of children also influences the variety of arrangements being used. Infants and toddlers are often placed in homes, while school-age children have need for care for only part of the day and year.

A very important reason for the diversity of child care arrangements appears to us to be the diversity of parental attitudes and preferences about which type of care is 'best' for their children. Almost no subject stirs deeper emotions. Nearly every parent is an 'expert.' The opinions range from 'only mothers should take care of small children' to 'center-based child care is essential to early childhood growth and development.'

Although the data is less than adequate, it is clear to us that many parents prefer informal child care arrangements provided in homes, particularly when provided by relatives. Many parents also express a strong preference for more formal child care arrangements, such as those provided in licensed group centers.

Our findings about parent attitudes have led us to conclude that public policy should recognize, support and reinforce the diversity of child care arrangements which have evolved. An important part of such a policy should involve efforts to make alternative child care arrangements available to all parents, regardless of their income, place of residence or employment.

- B. Public awareness and concern about child care has been too narrowly focused. The 'child care problem' has been too narrowly defined.

As we have noted, the 'child care problem' has traditionally been defined as the vast difference between the number of young children with working mothers and the number of 'slots' available in licensed day care centers and homes. The 'solution' suggested by defining the problem in this manner is almost always a greatly expanded effort to create more licensed 'slots.'

We believe that this traditional way of defining the 'child care problem' is inadequate. It ignores the fact that many young children in unlicensed child care arrangements are actually being taken care of by their fathers or by other relatives or neighbors. Such child care arrangements do not have to be licensed. Many parents prefer this type of child care even when they can afford (or are eligible to receive on a subsidized basis) more formal arrangements.

The traditional way of defining the 'child care problem' is also inadequate because it largely ignores the potential for improving child care by supporting informal child care arrangements and parents who use them. Instead, it focuses almost totally on efforts to reduce the number of children taken care of informally by increasing the number of licensed child care 'slots' which are available.

These are two very different ways of looking at the child care problem and its solution. The traditional approach envisions the eventual transition of the child care delivery system from one which is largely informal to one which is largely formal, through a major increase in the number of licensed child care 'slots.' The second approach envisions continued heavy reliance on informal child care arrangements, with a major effort to improve those arrangements through support and referral services, and parent education.

In being somewhat critical of the traditional way of viewing the child care problem, we do not mean to downgrade the essential role of formal child care arrangements in the larger child care delivery system. We believe that formal child care arrangements are desirable for many families and should be supported.

But, we also believe the informal arrangements--in the child's own home or in the home of a relative or neighbor--are desirable for many other families. They could be made even more desirable through the addition of needed support and referral services and parent education.

- C. A new, broader understanding of 'child care' is needed which includes recognition of the essential role played by informal child care arrangements. Child care coordinating organizations should take the lead in expanding public understanding of the importance of informal arrangements to the child care delivery system. The analysis and use of child care data should be broadened to include informal as well as formal child care arrangements.

While not ignoring the essential role played by more formal child care arrangements, we believe that public understanding and support for child care should be broadened to place a much higher priority on support for informal, home-based child care arrangements. We believe that much could be done to improve the quality and availability of child care, without eliminating the largely informal, very decentralized child care delivery system which has evolved.

This is not to say that the sole emphasis of public support for child care should be on informal arrangements. We believe that continued recognition and support should be given formal child care arrangements in group centers and licensed family day care homes. However, we do believe that 'child care' needs to be defined much more broadly in the public mind. All legally operating child care arrangements used by parents should be included within this definition.

To broaden public understanding of the 'child care problem,' we believe much greater attention should be given to collection and analysis of data about all types of child care arrangements, both formal and informal. Reliable, localized information is needed on the nature of child care arrangements being used, costs, preferences and satisfaction levels of parents, their impacts on children, and problems which parents are having in making or financing satisfactory child care arrangements. Attention should be paid to the needs of parents for part-time child care to match alternative work schedule arrangements and to the supply of part-time child care arrangements available.

With only slight modifications, surveys already conducted by the Census Bureau, Bureau of Labor Statistics and other state and federal data collection agencies appear important sources of information on child care needs of parents. These

agencies should be more sensitive to the need for better, more localized data on child care when they are collecting information on employment and other more general subjects.

Efforts should also be made to evaluate the performance of the existing child care delivery system in light of what is learned about parent attitudes and satisfaction levels. All child care arrangements should be included in such an evaluation: licensed and unlicensed, full-and part-time, center-based and home-based. Particular attention should be given to the nature of assistance and support needed by parents and by informal, home-based child care providers.

Because of the broad nature of the information needed, we believe responsibility for this type of data collection, analysis and advocacy should be vested in a public or private entity which is identified with all types of child care arrangements, regardless of income, users, nature of arrangements used or method of financing.

The existing child care coordinating organizations appear to be the most logical place to focus this data collection, analysis and advocacy. The coordinating organizations are in a unique position to exercise leadership in broadening society's view of the importance of informal child care arrangements to the larger child care delivery system.

III. Working parents represent a significant, untapped child care resource. They should be viewed as a much more central part of society's response to the growing demand for child care.

- A. Public policy on child care should reflect the right of parents to retain responsibility for child care for themselves, even when parents desire to work outside the home.

While a growing number of parents with small children are seeking, training for and holding jobs outside the home, it seems imperative not to structure public policy on child care in ways which ignore those parents who wish to retain a part- or full-time child caring responsibility in the home.

We were particularly intrigued by our findings on alternative work schedules which some parents are using to allow them to combine child caring responsibilities with work outside the home. Part of this interest stems from our appreciation for the tremendous 'qualitative' impact which parents and the home environment have on young children.

These findings have led us to conclude that public policy on child care ought not limit options for some parents to maintain at least part-time child caring responsibilities in the home as it seeks to make more opportunities and choices available for others to work outside the home. Public policy should recognize and support the important role of homemaking and parenting to society. And, public policy on child care should include, as a high priority, components which recognize and seek to utilize more effectively the important child care resource represented in working parents.

- B. The important potential for expanding the role of working parents in child care is not being realized. To the greatest extent possible, current barriers to participation in child care by working parents should be eliminated.

We have found that the clear focus of society's response to the growing demand for child care has been on providing substitute arrangements for children during the day. The 'child care problem,' from this perspective, has come to be regarded as society's failure to provide enough (or good enough or cheap enough) child care to accomodate the increasing non-family demands on the time of parents.

We have concluded that a very central part of the 'child care problem' is the failure of society to assist parents to organize work schedules and other demands on their time so that they, themselves, can continue to play a major role in child care at the same time that they are pursuing a career outside the home.

From this perspective, one aspect of the 'child care problem' for school-aged children is the different starting and ending time for school and parents' work, just as freeway congestion largely results from too many people starting and ending work at the same time. But, most parents do not have the option of altering the starting and ending times of their work day to match their children's school schedules. We also found that most parents do not have the option of working part-time.

While limited progress has been made in permitting women the option of combining child rearing responsibilities with a job outside the home, such an option is very seldom available to or used by men. We strongly believe that work schedule options should be available to both mothers and fathers with young children.

We found that there are many barriers to be overcome in making more career/work schedule options available to parents with small children. Among the most obvious are attitudes about work, particularly those on the role of men as the primary source of income for families. Another set of barriers is administrative. They involve management of work under more flexible time schedules, and compensation, promotion and fringe benefits for persons working different lengths of time at the same job.

We strongly believe that society should work to overcome these and other barriers to combining child rearing responsibilities with work outside the home. Much of this effort will have to concentrate on the private sector since most parents are employed in non-governmental jobs. Government is a major employer itself, however, and should be looked to for leadership in making career/work schedule options available to its employees. Government may also need to encourage private employers to experiment with work schedule options.

We are aware that altering work schedules will not solve the child care problems of all parents. Flexible work hours or other work schedule options may be of less assistance to single parents, for example. We are also aware that child care is only one factor to be considered in arranging work schedules of employees. Much of what we have heard suggests that support for work schedule options can be justified by both employers and employees on other grounds, however.

IV. Parents in all income groups have child care needs. Public policy should help alleviate those needs, with higher priority attention now given to meeting the child care needs of low and moderate income parents who are not eligible for assistance.

A. A legitimate role exists for both government and the private sector to assist lower income families to finance the costs of child care.

Many families appear able to make child care arrangements with relatives or neighbors either free or in exchange for child care or other services. However, depending on the type of arrangements used, child care can be a very large item in a lower income family's budget. The cost, even for unlicensed family day care, can easily range to \$1,300 per child per year.

In many instances a partial or total child care subsidy to lower income families is required. Through its general role in subsidizing essential services for lower income individuals and families, we believe government has a legitimate role to play in assisting lower income parents to finance child care costs. The same is true for private social service agencies, churches and other sources of non-governmental funding of programs for the economically disadvantaged. In coming to this conclusion, we would not wish to preclude the eventual channeling of funds to lower income families through a system of more general income support.

B. Public support for child care should not focus only on low income families. Most or all of the direct child care expenses of middle and upper income families should be borne by those parents themselves.

Unlike some social services, child care is needed and used by families at all income levels. The child care needs of parents in different income groups do vary, however. For all income categories of parents, a need exists for better information about the child care resources which are available. The importance of improving the ability of parents themselves to play a large role in child care also does not vary by income group.

Middle or upper income parents should be able to pay all or a major part of the direct expense of child care services themselves, however. We do not believe that child care should be a free, universally available public service totally supported by public tax dollars. We found that many parents desire to retain all or a part of child care responsibility for themselves or for a relative or other trusted child care provider. It would be unfair to those parents and to taxpayers in general to totally subsidize the expenses of other parents who must pay someone to take care of their children but who can afford to pay at least a portion of those expenses themselves.

We recognize that lower income parents do need to have their child care expenses subsidized. But, while we believe that the highest priority for public subsidies should go to lower income families, we do not believe that child care subsidies should be available only at the lowest income levels. In all cases, subsidies should be phased out gradually as income rises, so that they do not restrict choices of parents who want to work outside the home or are attempting to advance in their careers.

- C. Because of the way public subsidy programs have been structured, many parents who may need financial assistance for child care are not now eligible for that assistance. Higher priority should be given to meeting the needs of these parents through partial child care subsidies.

The largest public subsidy program for child care, Title XX, now allows partial subsidies to be provided to parents whose incomes are just above the cut-off line for 'free' child care. As a practical matter in Minnesota, virtually all Title XX funds are being used to provide totally subsidized care for children whose parents' income qualify. This is because Minnesota has been at its Title XX funding ceiling since that ceiling went into effect in 1972.

Virtually no Title XX funds are available to subsidize the child care costs of families who are not eligible for Title XX subsidies but who would need a subsidy to purchase child care at rates which licensed centers and family day care homes must charge. The options available to these parents are to use less costly child care arrangements which they can afford, or to somehow reduce their incomes until they qualify for totally subsidized care.

Essential to efforts to deal with the child care needs of these families is better information on the extent to which persons are artificially maintaining lower incomes eligible for 'free' child care, or are using unsatisfactory arrangements because they don't qualify for totally subsidized care.

Once the precise child care needs of these parents have been identified, current subsidy programs should be altered to relate subsidies more closely to income and to phase out the subsidies more gradually as income rises.

One approach being proposed to deal with the child care problems of parents whose incomes are just above current eligibility limits for 'free' child care is an expansion of subsidy programs on a 'sliding fee scale.' We believe such a proposal has merit. In enacting a sliding fee scale program on a large scale, a number of issues will need to be faced, however.

We would like to see a sliding fee scale program used to maximize parental choice. Legally operating, informal child care arrangements should qualify for subsidies. And, parents should have equal access to home-based and center-based child care arrangements.

- D. A second major public subsidy program--through income tax deductions--also has been structured in such a way that many parents who may need a subsidy are not eligible. Those inequities should be eliminated.

The major problem with the current system has been its requirement that parents itemize deductions on their income tax returns. Most lower income persons do not itemize deductions and have been, in effect, ineligible for a subsidy. Parents seeking an income tax deduction for child care have also had to be employed full-time. And payments made to relatives have been ineligible for a deduction.

Minnesota's income tax deduction for child care is of particular concern since it has an income limit for virtually all parents of \$6,900. Very few families in Minnesota who earn less than \$6,900 itemize their deductions as evidenced by the relatively small number of families claiming this deduction. Most of these families would probably qualify for Title XX or some other public subsidy program.

Income tax deductions do have the advantage of maximizing parental discretion and placing funds in the hand of parents to spend as they choose, however. A number of the inequities we identified were eliminated in the Tax Reform Act passed by Congress during the final weeks of our study. The inequities in the Minnesota tax law remain, however.

We do not believe, for example, that persons who do not itemize deductions should be ineligible for a child care subsidy through the income tax system. Neither do we believe that part-time child care or child care provided by any legally operating child care arrangement (including relatives) should be denied such a subsidy.

In general, we believe that the primary intent of such changes should be to promote tax equity and not to finance child care. At the same time, we believe that programs which do finance child care should be structured so that account is taken of the major amount of public funding which is going to parents for child care through the income tax system.

Our major concerns with relying on the income tax system to channel subsidies are primarily philosophical. We are not entirely comfortable with a policy of making the income tax system even more complex by using it to finance public programs or promote certain types of expenditures. Child care is only one of many income tax credits being proposed, suggesting that caution should be used in determining the extent to which that approach should be used and promoted.

V. While we agree that standards for home-based child care arrangements should be set by government, we believe that parents should be given much greater responsibility for enforcement of those standards.

A. Too much reliance has been placed on licensing in the enforcement of standards for home-based child care providers. Licensing has served to limit access of parents and many child care providers to needed information, referral and support services.

We believe that government has a legitimate role to play in establishing standards for home-based child care arrangements. We see no reason for changing the present policy of not requiring enforcement of standards for child care provided in the child's own home, or care provided by a relative or other person taking care of children from only one other family.

We believe, however, that the present reliance on licensing to enforce standards for home-based child care providers has not done a good enough job of supporting those parents who desire to use home-based child care. Too few home-based child care providers have been attracted to the information, referral and support systems which are available only to licensed child care providers. Many unlicensed child care providers do not have to be licensed but are still not eligible for needed information, referral and support services.

As a result, the 80 or more percent of parents who use informal child care arrangements have been left essentially on their own in making those arrangements. We do not believe that word of mouth, want ads and laundromat bulletin boards should be the primary source of child care information available to such a high percentage of parents needing to make child care arrangements. Available surveys of parents point to lack of adequate information on alternative child care arrangements as the child care problem of greatest parental concern.

Perhaps part of the problem is the fact that licensing has come to be viewed by many as adequate 'quality control' for home-based child care. So much emphasis has been placed on the desirability of licensed child care that we may have lulled ourselves into a false sense of security about what licensing really means.

We found that very few family day care licenses are ever revoked. And, we are particularly concerned about the adequacy of relying on a single, annual, announced inspection by a licensing consultant as the major means of enforcing standards once a license is awarded.

In being somewhat critical of the current regulation of home-based child care providers, we do not mean to be critical of the existing Minnesota state family day care standards. From our limited exposure to those standards, they appear to be a reasonable statement of what should be expected of persons engaged in child care as a business.

Rather, our concern is over the enforcement of the standards. We do not believe that licensing is the most effective way of regulating home-based child care and bringing large numbers of home-based providers into the child care referral and support system. We believe that alternatives to licensing should be developed which would give parents much more responsibility for monitoring compliance with standards for home-based child care.

B. Alternatives to family day care licensing should be developed and tested in Minnesota which would draw more in-home child care providers into the referral and support system now evolving for licensed family day care.

We believe that alternatives to the present licensing system in Minnesota for home-based child care should be developed, tested and thoroughly evaluated. Such alternatives should place much greater responsibility on parents for monitoring enforcement of standards agreed to by home-based child care providers.

In designing an improved regulatory system for home-based child care in Minnesota, we believe the following general principles should be followed:

- All providers, except those caring for children in the child's own home and those caring for relatives or children from one other family, should be required to meet standards established by the state.
- Others should be allowed to voluntarily agree to meet the standards.
- All home-based child care providers who agree to meet the standards should have access to a publicly supported and recognized information and referral system.
- Existing state family day care standards in Minnesota should be used as the general basis for the standards established. Procedures should be established to effectively prevent persons from registering who have a history of child abuse or other personal characteristics which are harmful to children.
- On the one major difference between state and the currently suspended federal standards for home-based child care, we believe that the state regulations should have precedence. This difference is over the inclusion of school-aged children of family day care providers in determining the allowable capacity for family day care homes receiving federal funds. We believe that only those

children likely to be in the home during the entire day should be counted in determining allowable capacity for federally funded family day care homes.

- Procedures should exist for spot checking of participating homes and providers by the administering agency. All parents being referred should be given easily understood information on how they can file complaints and request inspections of child care providers which they believe are not operating in compliance with the standards.

VI. Better information for parents about available child care resources, and support services for all legally operating child care arrangements, should be essential components in society's response to the growing demand for child care. Such services need to be given much higher priority in the allocation of public and private funding for child care.

- A. An important corollary to a public child care policy of maximizing parental discretion is the availability of reliable information and educational materials with which parents can make choices from among the variety of child care arrangements available.

It is essential to recognize that the heavy reliance which we feel should be placed on parents for enforcement of child care standards and making child care arrangements requires a high degree of 'consumer sophistication.' In order for such sophistication to exist, parents must have readily accessible, accurate information on available legally operating child care arrangements, regardless of the nature of those arrangements. Parents must also know what to look for in a child care arrangement so that their expectations will be met by the arrangement which they select. And, parents must have self confidence and support when evaluating providers.

But, as we have noted, only a small percentage of home-based child care providers have been eligible for publicly supported and recognized information and referral services. And, most parents have not been well enough equipped to choose from among the alternative arrangements which are available.

Even for those licensed child care arrangements which qualify for referral services, problems exist.

One of the biggest problems appears to be the fragmented and confusing referral system which exists for licensed child care arrangements. There is no one place to which parents can turn for information on licensed child care arrangements which are available. Not only is information on licensed child care arrangements organized on a county-by-county basis, it tends to be divided among several sources within each county. For example, in Hennepin and Ramsey Counties, referral of licensed child care is done by the county welfare departments, United Way referral agencies, and child care coordinating organizations.

As a result, parents may have to call more than one place in order to get information on different types of licensed child care. And, even then, we were told that it is almost impossible to keep information on openings in licensed centers and homes up to date.

- B. A public policy which relies heavily on home-based child care should also include a system of support services for all legally operating child care providers.

As we have noted, support services for in-home child care providers are gradually being made available. Such support services include toy lending libraries, training programs, start-up grants, field trips, group insurance, etc. However, with limited exceptions, access to these types of services has been limited to licensed child care providers.

One of the reasons cited for this limitation is a shortage of funding and the need to establish priorities in the expenditure of available funds. Licensed care has been given highest priority in this allocation.

Another reason cited involves requirements that funds available for support services through Title XX, State Child Care Facilities Act, and other funding sources be used only for licensed child care.

The support services which are available to unlicensed child care providers do not appear to us to be considered an integral enough part of the child care support system. Such services include Red Cross babysitting training programs, babysitting referral services, and the range of parenting and pre-parenting education programs now becoming so popular. One major exception has been the neighborhood child care resource centers, which have received local, state, and federal child care funding to provide support services to all types of child care providers including unlicensed persons and parents. Another is Joyce House, a South Minneapolis outreach program for unlicensed day care providers.

Even for licensed, home-based child care providers, support services are not readily available to all those who need them. We found that support services have generally ranked quite low in the allocation of public child care funds when compared with direct purchase of child care 'slots' in licensed group centers and family day care homes.

- C. Consistent with the important role which we feel parents should play in enforcing home-based child care standards, we believe a major new effort should be made to increase the sophistication of parents as child care consumers.

An important part of that effort should be an improved and expanded referral system for both center-based and home-based child care arrangements. Licensed child care centers and all home-based providers who agree to meet standards established by the state should be eligible for the referral system. The system should provide reasonable assurances that parents will not be referred to persons with a history of child abuse or other personal characteristics which are harmful to children.

A second major ingredient in the effort to improve the sophistication of child care consumers involves parent education. Parents who are referred to child care providers should be given information on what is required of home-based and center-based child care providers under state law. They should be advised on what to look for in a child care arrangement and the advantages and disadvantages of alternative child care arrangements which are available.

- D. Support services for home-based child care providers should be given much higher priority in the distribution of public and private funding for child care. Support services should be neighborhood based and available to assist all types of child care providers.

We believe that a network of neighborhood based child care resource centers should be the focus of a vastly improved support system for home-based child care providers. All legally operating home-based child care providers should have access to such resource centers.

Depending on the child care needs of parents in each area, services available through such centers could vary considerably. They might include training and peer support for child care providers; parent education programs; toys, books and equipment to loan or rent; specialized services to children such as coordination of field trips and health screening; assistance with nutrition planning for providers; play-groups; drop-in care; coordination of sick care; group insurance; newsletters; or any number of other services.

Neighborhood resource centers will probably need 'front-end' financing but they all need not be permanently subsidized. Eventually some resource centers might be at least partially supported by parent fees or memberships. Some of the services could be subsidized while others would be available on a fee basis. Lower income parents receiving child care subsidies through Title XX or other programs should be able to use those subsidies to purchase services from the resource centers.

We believe that neighborhood child care resource centers hold substantial potential for enriching and improving the child care provided large numbers of children. We believe that, to the extent that public subsidies are required, such centers should be given high priority in the allocation of available public and private child care funding.

II. Existing regulatory and funding programs for child care should be altered to maximize parental choice in making child care arrangements and reduce the economic segregation in existing federally funded child care programs.

- A. While some day care center standards can be justified, others have served to unnecessarily reduce the number of families receiving child care subsidies, limited parental choice in making center-based child care arrangements and helped to promote a dual system of child care, segregated by income.

As child care has extended beyond the family and home, it has begun to take on certain aspects of other human services enterprises regulated by government. This is particularly true in center-based child care arrangements involving monetary compensation, specialized or converted physical facilities, food service and staff who are not known by the parents and children involved in the program.

As a result, we believe government has a legitimate responsibility to ensure the health and safety of small children taken care of in group day care centers. Particularly where public funding is involved, government may also have a legitimate responsibility to ensure minimal 'developmental' standards. The number and training of staff almost certainly contributes to the 'qualitative' aspects of center-based child care programs. As such, staffing ratios do belong in any set of standards required of licensed day care centers.

However, we share a number of the concerns about the existing federal staffing ratios which have been evident in Congress and in the national administration.

One important concern we have with the ratios is the dramatic impact which they have on the cost of child care programs. Indirectly, the higher cost per child means that fewer children are being served. The cost of child care in state

certified centers in Minnesota ranges from \$30-35 per week while the cost per week in a center meeting the federal staffing ratio standards averages \$45-55 per child per week. For very young children it ranges even higher.

A second major concern is the impact which the federal staffing ratios have had on the economic mix of children in federally funded day care programs. We have, in effect, a two-tiered system of child care: one with a predominance of lower income children who qualify for 'free' care in federally certified centers; and another very largely for middle and upper income parents who can afford to pay the lower fees charged by state certified centers.

And finally, the standards have served to limit the choices of parents who are eligible for Title XX and are seeking to make center-based child care arrangements. These programs are limited to placing their children in centers which are federally certified. In the Twin Cities area, this eliminates more than three-quarters of the full-time day care centers which are licensed and operating.

- B. Because of these concerns, we support the recent Congressional action delaying implementation of the federal inter-agency staffing ratios until more is known about the impact which staffing ratios have on children in child care programs.

We support the recent action in Congress delaying implementation of the federal inter-agency staffing ratios until October 1, 1977. This will allow completion of a three-year study now being done by the U. S. Department of HEW on the impact which different staffing ratios have on children in group day care center programs.

In the interim, we believe that the staffing ratios established by the State of Minnesota provide adequate safeguards for the health and safety of small children in day care centers. Careful monitoring should be done of the impact which the lower state staffing ratios have on children particularly in programs with large numbers of lower income children.

In supporting at least temporary reliance on state staffing ratios in Minnesota, we are not endorsing the much lower staffing ratios, in effect in some other states. Those other states should consider re-evaluating the adequacy of their staffing ratios, particularly for centers where lower income children are heavily enrolled.

We believe that state and federal governments should also work to establish alternatives to the present 'input oriented' standards as a means of holding themselves accountable for the expenditure of public funds for child care. We strongly believe that attitudes, preferences and satisfaction levels of parents should be an important measure of accountability to taxpayers for public child care funding programs.

- C. Child care subsidies should be provided in ways which have a more neutral impact on the arrangements selected by parents. Parents should be able to more freely choose from among the broad range of child care options available.

We found that the large public subsidy programs for child care are focused disproportionately on the purchase of child care in licensed day care centers. There are some exceptions to this general finding which need to be noted. For example, in Ramsey County much more of the funding available for child care through Title

XX has gone to licensed family day care homes and providers in the child's own home. And public funds for child care made available to parents through AFDC and income tax deductions may be spent to purchase informal child care arrangements provided by persons other than relatives.

But, we found that the larger subsidy programs have tended to limit parental choice by favoring certain child care arrangements over others. In general, center-based care has been favored over in-home care. Where federal funds have been used, centers with higher staffing ratios have been favored.

We believe the policies, administrative procedures and other barriers to parents in choosing home-based child care arrangements should be minimized in existing child care financing programs. Providers and users of all types of child care--both formal and informal--should be consulted in the allocation of public and private child care funding. In so far as possible, the subsidies should be directed to parents, with maximum discretion as to which providers are selected.

We would not like to see all governmental funding for child care channeled through any one set of institutions, such as the public schools. This is not to say that public schools should have no role in child care. There may be substantial potential for using school facilities and personnel for 'latch-key' programs, for example. Where declining enrollments have created excess capacity in school buildings, that space should be considered for child care programs. We believe it desirable, however, to maintain a broad diversity of suppliers of child care services available to parents: home-based and center-based; profit and non-profit; and programs administered by churches, community groups, parent cooperatives and other types of organizations including local school districts.

RECOMMENDATIONS

BROADEN AND ENLARGE SOCIETY'S RESPONSE TO THE GROWING CHILD CARE NEEDS OF PARENTS BY:

- Recognizing the potential for improving child care by supporting a wide diversity of child care arrangements, both formal and informal, center-based and home-based.
- Recognizing the potential role of working parents in sharing child care responsibilities.
- Expanding the role of parents in monitoring standards for home-based child care.
- Expanding support for home-based child care arrangements and parents who use them.
- Providing partial subsidies to persons who need help in financing child care but who don't now qualify for assistance.
- Eliminating current barriers to informed parental choice in making child care arrangements.

MORE SPECIFICALLY:

I. We urge the child care coordinating and advocacy organizations in the Twin Cities area to take the lead in broadening public awareness of the need to support all types of child care arrangements, both formal and informal.

- A. We urge the Twin Cities child care community to enlarge its present efforts to recognize and support the important role of legally operating informal, home-based child care arrangements.

A new, broader definition of 'child care' should be recognized, one which includes all legally operating arrangements by which young children are cared for. Support for informal, home-based child care should be viewed as an essential part of society's response to the growing child care needs of parents.

Central to efforts to support informal child care should be attempts by the child care community to better document and define the child care needs of parents using home-based arrangements. We urge state, local and private funding agencies for child care in Minnesota to support efforts of the child care community to better define and document these needs. We also urge the Census Bureau, Bureau of Labor Statistics, and other governmental and private data collection agencies to more effectively monitor the child care needs of parents as part of their broader efforts to monitor employment or other trends.

- B. We urge the Twin Cities child care community to continue its efforts to make formal child care arrangements available to parents preferring those types of arrangements.

Planning for child care should focus increasingly on a localized level to make more formal child care arrangements available wherever they are needed and prefer-

red by parents. Better evaluation should be done on the performance of both formal and informal child care arrangements in meeting parent needs. And, more long-term or longitudinal research should be done on the impact of different types of child care on children over a period of time.

II. We urge public and private employers and employee organizations in the Twin Cities area to take the lead in efforts to make work schedule flexibility a more central part of efforts to meet the child care needs of parents.

- A. We urge private employer and employee organizations in the Twin Cities area to recognize the potential of using greater work schedule flexibility to help meet the child care needs of working parents.

One way to begin this important task would be for the major chambers of commerce and central labor organizations in the area to jointly sponsor efforts to promote work schedule flexibility among their members. We urge that such a joint effort work to overcome existing administrative and attitudinal barriers to broader availability of part-time and shared jobs, flexible hours and other work schedule options.

- B. We urge the 1977 Minnesota Legislature to initiate a study of current obstacles to the broader availability of work schedule options for working parents in public and private employment in Minnesota.

The recently established State Advisory Council on the Economic Status of Women might be a very logical place to focus such a study, particularly since the Council appears to be considering a broader range of issues involving the family. This study should recommend changes in state or federal laws or administrative procedures needed to overcome obstacles to greater availability of work schedule options to parents and to other workers.

We urge the State of Minnesota and other public employers in Minnesota to experiment with various work schedule options in a wide variety of positions at all career levels. One way of encouraging experimentation might be to require departments to consider creating part-time positions when new jobs are added.

We urge the Minnesota Department of Employment Services to initiate a reporting program to monitor trends in the number of public and private sector jobs in Minnesota which involve work schedule flexibility. Categories of such jobs monitored might include part-time jobs, jobs with flexible work hours options, shared jobs, jobs with three or four day weeks, etc.

III. We urge the 1977 Minnesota Legislature to initiate a pilot 'registration' program for home-based child care providers, tied to a major expansion in support, referral, information and education services for home-based child care providers and parents who use them.

- A. We urge the 1977 Minnesota Legislature to direct the State Department of Public Welfare to test and thoroughly evaluate a system of 'registration' for home-based child care providers.

We believe it would be reasonable to test such a system in several representative counties in the state over a period of several years. The registration systems tested should:

1. Require participation by those home-based child care providers who now must be licensed and allow voluntary participation for those who don't. In counties testing mandatory registration, licensing of family day care providers would be suspended.
2. Employ standards based on those currently set for licensed family day care providers in Minnesota.
3. Ensure that 'registered' home-based child care providers would be eligible to receive reimbursement from federal funds.
4. Require child care providers who become registered to swear that they will meet the standards.
5. Screen out potential child care providers with a history of child abuse or other personal characteristics which are harmful to children.
6. Provide easily understood information to all parents referred to registered child care providers on the nature of the standards which the providers have agreed to meet and the important role which parents have in enforcement of those standards.
7. Contain procedures for spot checking registered homes and providers to ensure compliance with the standards.
8. Provide information to parents on how they can file complaints and request inspections of registered homes and providers if they believe the standards are being violated.

We urge the Department of Public Welfare to thoroughly evaluate the experiments with registration to: 1) compare levels of compliance with family day care standards before and after registration is imposed; 2) compare the relative success of licensing and registration in attracting home-based providers to the child care support system; and 3) determine what other barriers might exist to drawing home-based providers into the support system, such as a negative 'welfare stigma' attached to licensing or registration or concerns about becoming subject to income taxes through licensing or registration.

Assuming registration is successful in increasing compliance with home-based child care standards, and drawing more home-based providers into the child care support system, we believe it should be extended statewide by the legislature at the end of the pilot program.

- B. We urge the 1977 Minnesota Legislature to finance a pilot program of start-up funding specifically allocated to neighborhood based child care resource centers in those counties which are testing home-based child care 'registration.'

We urge churches, community organizations, existing day care centers and private businesses to actively seek funds from this or other sources for the establishment of neighborhood based child care resources centers. In allocating funds for child care, we urge local private funding sources to give a high priority to the establishment and support of such resource centers.

We would like to see neighborhood based child care resource centers started wherever public or private funds can be made available. We would like to see the State of Minnesota focus its resources initially on the counties testing registration, because of the important relationship which we believe should exist between support services and a major dependence on home-based child care providers.

In establishing pilot child care resource centers, we urge experimentation with various models of support services for child care, and testing of alternative methods of financing support services, based on the ability of individual providers and parents to pay.

Such services might include training and peer support for child care providers; parenting education; play-groups; drop-in care; coordination of sick care; group insurance; newsletters; toys, books and equipment to loan or rent; specialized services to children such as coordination of field trips and health screening, assistance with nutrition planning for providers; or any number of other services.

We urge that some resource centers be set up on a totally subsidized basis, with others set up to experiment with various methods of partial user support including memberships, subscriptions or rental.

- C. We urge the 1977 Minnesota Legislature to finance an expanded information and referral and parent education program in those counties testing home-based child care 'registration.'

We urge the Minnesota Department of Public Welfare to implement this program through a single, broadly representative agency in each county. This group should be responsible for development and coordination of the expanded information, referral and parent education programs.

All registered child care providers in these counties should have access to the publicly supported information and referral system. Other aspects of referral for child care--such as newspaper want ads, telephone yellow pages, county welfare departments and human resources planning organizations--should also be involved in this program.

We urge the news media, employers, unions, schools, parent groups and other community organizations in the pilot counties to assist in implementing the expanded information and parent education program.

Again, we believe that information, referral and education programs for child care should be generally expanded. We would like to see initial efforts focused on the counties testing registration because of the importance we attach to better equipping parents as 'child care consumers' under a system which relies heavily on parents for enforcement of child care standards.

- IV. We urge the U. S. Congress and Minnesota Legislature to expand public subsidy programs for child care to include partial support for persons who are now just above the income eligibility line for totally subsidized care.

- A. We urge the Minnesota Department of Public Welfare to prepare and submit to the 1977 Legislature a partial subsidy--sliding fee scale--program for child care.

We urge that financing for this program be provided either through available federal funds or a new state appropriation. To the maximum extent possible, all legally operating child care arrangements should be eligible for subsidy.

- B. We urge the Minnesota Legislature to amend state income tax laws to provide a partial income tax credit to parents who must use child care, to seek, train for or hold a job.

We urge that the current state income tax deduction for child care be changed to an income tax credit, available to all parents filing a state income tax return. We urge that part-time employed parents be eligible to receive an income tax credit for child care expenses related to employment, and that all legally operating child care arrangements be eligible for the credit, including child care provided by relatives. These changes would parallel those made recently by Congress in the federal income tax system.

We urge the U. S. Congress and Minnesota Legislature to ensure that federal and state income tax credits for child care be integrated with each other and with sliding fee scale or other partial subsidy programs which are established.

- V. We urge the U. S. Congress and Minnesota Legislature to alter existing regulatory and subsidy programs for child care to expand parental choice in making child care arrangements.

- A. We urge the U. S. Congress and Minnesota Legislature to undertake a major re-evaluation of existing subsidy programs for child care, with the goal of establishing a clear and consistent policy on which child care arrangements are eligible for public subsidy, and who the recipients of those subsidies should be.

Such a policy should ensure that all legally operating child care arrangements are eligible for public subsidy. To the greatest extent possible, we believe subsidies should be channeled to providers through parents.

- B. We urge federal, state, county and city child care funding agencies to work to eliminate procedures or requirements which favor certain legal child care arrangements over others.

Examples of such procedures or requirements include those favoring certain licensed centers over others; centers over family day care homes; licensed child care arrangements over those which are legally unlicensed; and full-time child care arrangements over those which are part-time.

- C. We urge the U. S. Congress and Minnesota Legislature to maintain past policies which have encouraged development of a wide diversity of child care arrangements.

We urge the Congress and Legislature to refrain from placing total responsibility for administration or funding of child care programs with any one institution or set of institutions, such as the public schools.

DISCUSSION OF RECOMMENDATIONS

1. Do you believe a higher funding priority should go to child care in the overall allocation of public and private resources?

We are not unaware that a general increase in public funding for child care is a goal of many persons in the child care community. This point of view argues that child care programs should be given much higher priority in the allocation of public resources because of a very large, unmet child care need, because of the general importance of children to society, and because of the generally low level of compensation for persons providing child care.

We have not recommended either for or against a general increase in public funding for child care. We did not feel qualified to weigh the financial needs for child care against other competing needs which we did not have the opportunity to thoroughly analyze. Neither were we able to analyze in depth the reasons for the low compensation levels we found for child care providers. We have made several specific recommendations which will require increased funding, however. Our recommendations urge additional funding for support, information, referral and education services for child care and expansion of eligibility for public child care subsidies through a 'sliding fee scale' program and income tax credits.

2. How would you suggest that your proposals be funded? Which proposals should have highest priority for funding?

We believe that our recommendations requiring additional funds should be financed, at least partially, out of Minnesota's share of the \$240 million recently appropriated for child care by the U. S. Congress. It is our understanding that Minnesota will receive about \$4.4 million from this appropriation for the period ending October 1, 1977.

Minnesota has somewhat more flexibility in spending its share of these funds since its child care programs are already in conformance with the health and safety standards which the funds were intended to help meet. To the extent that our recommendations require additional funds, we believe they ought to be financed from general state and local tax revenues and from private philanthropic sources.

In establishing priorities for the expenditure of funds available for child care, we believe the following recommendations should have highest overall priority: expansion of support, information, referral and education services for 'pilot' counties testing registration; expansion of eligibility for child care subsidies on a 'sliding fee scale;' conversion of the present income tax deduction program for child care to one involving tax credits; and expansion of support, information, referral and education services in parts of the state not testing registration. We would attach a lower overall priority to expanding the number of child care 'slots' directly purchased by government. This would not preclude placing a higher priority on stimulating additional child care resources in specific under served geographic areas, however.

3. Why didn't the committee recommend an increase in the income eligibility limit for totally subsidized child care in Minnesota?

During the latter part of our study we were made aware that an effort was being made by the child care community in Minnesota to increase the Title XX income eligibility limit for totally subsidized child care from 60 to 65 percent of state median income.

We were told that persons in that income range are particularly hard-pressed economically, and that a child care subsidy often means the difference between staying on welfare and seeking a job. We were also told that expanded eligibility is needed because many of the Title XX funded day care centers, at least in Hennepin County, are suffering from reduced enrollments.

While we did not recommend either for or against the specific '60 to 65 percent' proposal, we believe that a 'sliding fee scale' is the preferred way to extend eligibility for child care subsidies to lower middle income families. We do not feel competent to say at what income level total subsidies should end. We do feel strongly that subsidies should end gradually. This is our principal reason for supporting the concept of 'sliding fee scales.'

We also believe that available funds should be used to extend subsidies to the largest number of families possible. Clearly, partial subsidies will reach more families than will total subsidies. While they will have to pay a portion of their direct child care costs, families just above the income cut off line for 'free' care will still be heavily subsidized by a 'sliding fee scale' program.

Finally, we believe that there is some strength to a philosophical argument requiring at least a small financial commitment by all but very low income persons in financing publicly supported social services.

4. What does the committee view as the most essential differences between licensing and registration of home-based child care providers?

The major difference is not over the concept of governmental regulation of home-based child care, or the goal of using governmentally established standards to improve home-based child care. Rather, the major distinction is over the relative roles to be played by government and parents in the monitoring of standards for home-based child care. We favor the emphasis on parent monitoring in registration over governmental monitoring which is characteristic of licensing. Enforcement of the standards would still rest with government and it would still be against the law to be out of compliance with the standards where they apply. We believe that, because of the decentralized and informal nature of home-based child care, a strong parental role in enforcement will lead to increased compliance with the standards. We also believe registration will attract more home-based providers to the child care support system.

5. What issues need to be resolved in designing a registration system for home-based child care providers?

One major issue involves the relationship which should exist between licensing and registration: should registration replace licensing for family day care providers, or should it supplement licensing by making registration voluntarily available for providers who do not have to be licensed?

Our tentative recommendation is that registration replace licensing, since we believe the role of parents in monitoring standards should exist for all home-based providers. We believe it would be unnecessarily confusing to parents to have responsibility for monitoring standards in some cases (registered providers and homes) and not others (licensed homes). We don't believe that most parents would understand well enough the distinction between licensed and registered homes to know when they are in charge of monitoring compliance with the standards and when the government is in charge.

We would like to see some distinction made in referring parents to different categories of child care providers, however. For example, we'd like it made clear to parents being referred whether the provider is mandatorily or voluntarily registered. Acknowledgement should also be made of the level of training and experience which the provider has.

One additional issue which will have to be faced relates to standards or other requirements which will apply to voluntarily registered providers. In general, we believe the same standards should apply to all persons taking care of children in their own home. Different standards or requirements will have to be set for providers who work in the child's home, however. The primary intent of those requirements should be to protect children from exposure to persons with a history of child abuse or other health or personal characteristics harmful to children. They should not be used to discourage other persons from becoming registered. Again, there should be a careful distinction made between providers whose homes are registered, and those who are registered to do child care in the child's home, when referrals are being made.

6. Why did the committee insist on tying together registration and improved referral and support services?

First, we strongly believe that any program placing heavy emphasis on parental choice and parental monitoring of standards should have a strong parent information and education component. Many parents may not know what to look for in a child care arrangement, and may feel inhibited when interviewing child care providers. They need strong support. Second, we feel that a commitment by the state to upgrading support, referral, information and education services should be accompanied by a new method of child care regulation which will attract more persons to use those services than has licensing. And, finally, we believe that any child care program which relies heavily on home-based providers should include a major expansion of support services for those providers.

7. What would the committee like to see included in an improved information, referral and parent education program as part of a pilot project testing registration of home-based child care providers?

First we would like to see all child care referral services centralized in one place in each county, and then, decentralized through neighborhood-based child care resource centers. We believe that referrals should be made on the basis of the most up to date information available on who is registered and who has vacancies. Child care is such an informal service that it appears the neighborhood-based resource centers may be the only way to keep a referral system up to date.

The parent education part of the program should make heavy use of meetings, personal contact, printed material and media advertising. Unions, employers, schools and other community groups should all be involved in this effort. Existing parenting and pre-parenting education programs run by schools community groups, hospitals, youth groups, the Red Cross and others should all be incorporated. Both free and paid use should be made of radio, television and newspapers. A well-published 'child care hotline' telephone number should be a focus of the information and referral program.

The primary focus of the program should be on improving the ability of parents to function as 'child care consumers,' in locating child care arrangements and choosing from among the arrangements available. In recognition of the major impact which parents have on children the program should also focus on improving the ability of parents to act as child care providers.

8. Won't a sliding fee scale program just encourage more reliance on the same child care programs that have been funded in the past?

Not if all legally operating child care arrangements are eligible for partial subsidy, and parents are given free choice of those alternatives. The precise design of a 'sliding fee scale' program for child care in Minnesota needs to be done carefully, however. In drafting the proposal we have recommended, we hope that the State Department of Public Welfare would identify the particular income categories most in need of assistance, the child care arrangements currently used by those persons, and the change in arrangement which is likely to result from a partial subsidy. Once a 'sliding fee scale' program is underway, it will have to be carefully monitored to determine its short and longer-term cost, and the impact which the program has on child care arrangements used and the employability of parents.

9. What role should employers play in assisting their employees meet child care needs?

We would not like to see the role of employers limited only to subsidizing their employees direct child care costs through establishment of work site day care centers or by providing child care subsidies as a fringe benefit. Neither would we like to see such approaches ruled out.

In general, we believe each employer should consider a wide range of alternatives in assisting its employees to meet their child care needs. Making work schedule flexibility options available to employees is one major alternative. Another might be providing assistance to child care coordination organizations in identifying the child care needs of employers through surveys or other means. We would hope that business firms, foundations and other philanthropic sources would place a high priority on financially assisting information, referral, support and education services for parents and child care providers.

One child care problem which impacts heavily on employers occurs when children of employees become ill. Parents often stay home with sick children because they are unable to send them to their usual child care arrangement and they are unable to make substitute arrangement on short notice. Employers thus have a particular stake in supporting sick child care programs, perhaps by subsidizing participation by their employees in sick care programs as a kind of 'insurance policy' against tardiness and absenteeism.

10. What will the committee's recommendations do to make a wider range of child care alternatives available and affordable to more parents?

We are aware that our recommendations stressing 'parent choice' require that there be alternative child care arrangements available from which parents can choose. Many parents may not have access to a range of alternatives in their geographic area or at their income level. We believe that our recommendations will help to make alternative child care arrangements needed by parents more available and more affordable.

First, we believe that better, more localized planning will help identify unmet child care needs of parents. We have urged public and private funding agencies to support child care coordinating organizations in their efforts to improve child care planning.

Second, we believe that improved, localized referral services like those we have recommended will improve the ability of parents to make satisfactory child care

arrangements. We believe referral services provided by neighborhood-based child care resource centers could be of particular assistance to parents in arranging child care.

Out of the improved planning and referral systems, we hope a better understanding of barriers to various types of child care providers in entering the market would become evident. This information could be used to help develop whatever incentives might be needed to ensure that a wide variety of child care arrangements preferred by parents are available in all geographic areas.

Finally, we believe that our recommendations for expanding eligibility for child care subsidies through a 'sliding fee scale' program and increased income tax benefits will help more parents have more choices in making child care arrangements which they may now be unable to afford.

11. Could more specific direction be given to public or private employers to encourage use of work schedule options?

Some states have opted to require that a certain percentage of jobs in state civil service be part-time or have flexible work hours. While such an approach has some appeal, we believe it could also be limiting in its affect. Minimum required levels often become maximum ceilings with little incentive to go beyond the prescribed level.

Instead, we have recommended that flexible work schedules be generally made more available in jobs at all career levels. We believe this specific direction is essential. Merely urging that a certain percent of jobs in state service be part-time could continue to focus those jobs in lower paying classifications traditionally dominated by women. We strongly believe that work schedule options should be made available to persons in higher paying positions as well, and particularly, to men in more career-oriented jobs.

Finally, we believe it is essential to have better information available on the extent to which flexible work schedules are available and being used, both in public and private sector employment. For that reason, we have urged that such record keeping be initiated by the State Department of Employment Services. Once that information is available, perhaps specific percentage goals for part-time or other work schedule options could more realistically be made.

12. How would you envision neighborhood-based child care resource centers relating to child care coordinating organizations? Could resource centers emerge from existing day care centers?

We would hope that there could be close cooperation between child care coordinating organizations and resource centers, and among the resource centers serving various areas. We would not like to see the resource centers organized as local 'affiliates' or 'subsidiaries' of county or city-wide coordinating organizations, however. It appears to us that the resource centers must have strong local support in the neighborhoods they serve, and that they should not be 'imposed' from some higher level.

We would also not like to see child care resource centers isolated from other kinds of neighborhoods-based resource centers or decentralized social service centers. We are aware, for example, of proposals in Hennepin County to decentralize the delivery of social services throughout the county. We are also aware of proposals for neighborhood resource centers to support older persons living at home. And, we are aware of proposals for housing and home maintenance resource centers. At a minimum, these kinds of resource centers should consider sharing physical facilities and other 'overhead' costs so that unnecessary duplication of resources can be avoided.

We see no reason that neighborhood based child care resource centers could not emerge from existing full or part-day child care centers. It may be that a very efficient way of getting a number of resource centers started would be through an enlargement of the scope and purpose of day care centers. Such an approach would require understanding by the governing group of the child care center of the importance and role of all types of child care arrangements, however.

One particular idea which had some appeal to us, 'satellite' family day care homes, could be an additional service organized through a combination day care center/resource center. In those 'satellite' programs now in operation, personnel, facilities, training and other services available in a day care center are made available to family day care homes which are affiliated with the center.

13. How do the committee's recommendations relate to the debate now going on about the relative roles that should be played in administration of public child care programs by welfare and education agencies?

We made a specific recommendation against centering control for administration of child care programs in any one institution or set of institutions, such as the public schools. We do feel that schools should not be excluded from delivering child care services, however. We found particular needs for before and after school care which schools seem in a good position to provide.

We share some of the concerns about a negative 'stigma' attached to welfare agency domination of child care, particularly in areas of public contact like regulation, information and referral. These concerns may be at least partially alleviated through a separation of income support and social services programs, now being considered at the state and local levels in Minnesota.

While we do not support centralization of child care administration in any one place, we do believe coordination of efforts by the various agencies involved in child care in Minnesota is essential. The work of the so-called 'child care coalition' to improve coordination of child and family services at the state level is one important approach to this problem, and should be encouraged.

14. Your report seems to be avoiding references to 'quality' in child care and the needs of children for 'quality' care. Why?

We were heavily influenced by our charge from the Citizens League Board of Directors, which was to focus primarily on the needs of parents for child care. We also were not able to do a detailed analysis of the very complex and emotional arguments made for and against various models of 'early childhood education.' As a result, we were not able to define 'quality' child care in terms of outcomes we would like to see in the emotional, physical or mental development of young children. We preferred, instead, to focus heavily on parent attitudes and satisfaction levels, believing strongly that parents should be primarily responsible for determining what qualitative outcome child care programs used by their children should have.

We do feel, however, that any effort to meet the child care needs of parents should also be structured to meet the child care needs of children. We believe our recommendations are consistent with that goal.

E. Child care arrangements of Minneapolis Model City working families in 1972 children under age six.⁵

Infant day care (family day care homes) (.6%); Day care centers and family care homes (16.3%); Babysitter (44.4%); Relative (38.7%). (Note: no distinction was made on the location of babysitters and relatives in the child's home or in another home).

F. Known child care arrangements for AFDC recipients in Minnesota in 1973 by age of child.⁶

	0-3	Age of child		12-14
		3-5	6-11	
In-home with relative	18.3%	11.4%	19.1%	14.5%
In-home with non-relative	19.7%	17.7%	21.4%	7.2%
Another home with relative	8.5%	2.5%	1.1%	1.8%
Another home with non-relative	45.1%	50.6%	31.5%	12.8%
Group center	7.0%	13.9%	1.1%	- %
With parent at work	- %	1.3%	3.4%	3.6%
Self care	- %	- %	14.6%	50.9%
Other	1.4%	2.6%	7.9%	9.1%

G. Estimated use of child care by working parents in Ramsey, Washington, and Dakota Counties in 1974, for children under age thirteen.⁷

In-home (58%); Another home (15%); Licensed home (10%); Center (6%); With parent at work (8%); Self care (3%).

H. Child care arrangement while mother is working of children under age six in Carver County in 1975.⁸

Spouse (8.7%); Older sibling (1.2%); Relative (28.7%); Babysitter (23.7%); Neighbor (27.5%); Licensed home (1.2%); Nursery school (3.7%); Day care center (5.0%).

II. Licensed Child Care Centers and Homes

A. Trends in licensed child care capacity in the seven county Twin City area 1970-1976.⁹

	1970		1974		1976	
	Number	Capacity	Number	Capacity	Number	Capacity
Anoka						
Homes*	191	576	290	930	319	1,120
Centers**	4	195	9	458	10	521
Carver						
Homes	-	-	17	62	29	86
Centers	1	30	2	59	3	123

* Family day care and group family day care homes

** Full-day centers only

BACKGROUND

I. Existing Child Care Arrangements

Child care arrangements are not regularly monitored by the Census Bureau, Bureau of Labor Statistics, or other state or local data collection agencies. The only source of information on child care arrangements are periodic surveys done of working parents, usually by agencies responsible for planning, funding or advocating for child care child. The following survey results are among those which the committee had access to:

A. Child care arrangements of full-time working mothers in the United States in 1965 for children under age six.¹

In-home by father (10.3%); In-home by another relative (18.4%); In-home by a non-relative (18.5%); Another home by a relative (17.6%); Another home by a non-relative (19.6%); Group center (7.7%); With mother at work (6.7%); Self care (.3%); Other (.9%).

B. Child care arrangements for children under age six in the United State in 1971 by race.²

	<u>Whites</u>	<u>Non-Whites</u>
In-home by father	15%	9%
In-home by another relative	17%	25%
In-home by relatives and non-relatives	17%	15%
In-home by a non-relative	7%	12%
In another home by a relative	4%	9%
In another home by a non-relative	14%	8%
Group center	8%	15%
With mother at work	7%	4%
By mother after school	1%	2%
Self care	3%	-
Other	-	2%

C. Main method of child care for employed parents in the United States in 1975 for children 13 years and younger.³

In-home by spouse (1.5%); In-home by another relative (18.3%); In-home by a non-relative (15.8%); Another home by a relative (23.2%); Another home by a non-relative (25.0%); Group center or cooperative (14.1%); Latch key (2.0%); With parent at work (.1%); Self care (0%).

D. Child care arrangements of children age 12 and under of working mothers in Hennepin County in 1971.⁴

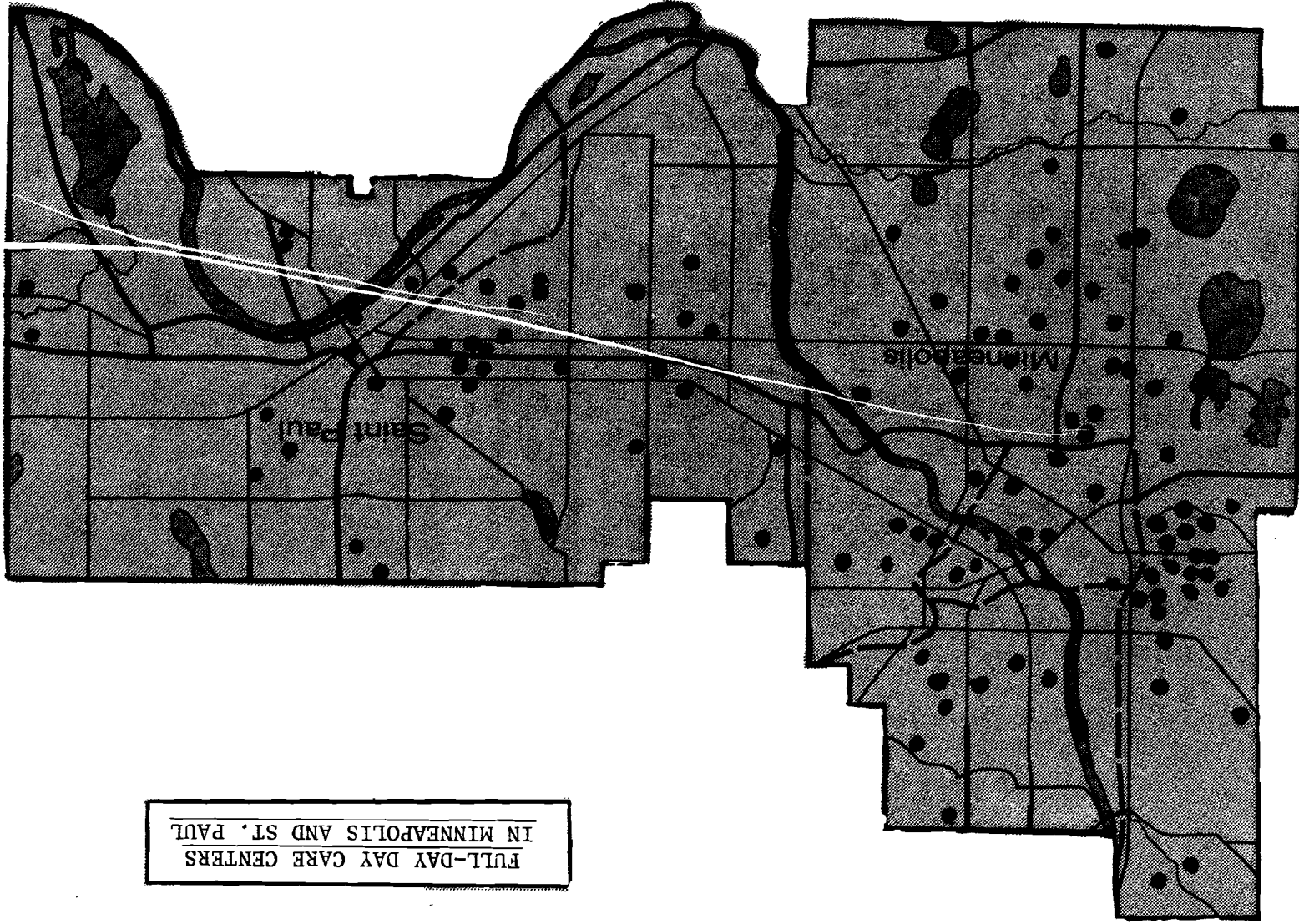
In-home with father (11.2%); In-home with another relative (35.7%); In-home with a non-relative (16.2%); Another home with a neighbor, friend or relative (25.6%); Licensed family day care home (1.2%); Day care center or nursery school (2.8%); Playground or recreation center (.5%); Self care (7.1%).

	1970		1974		1976	
	Number	Capacity	Number	Capacity	Number	Capacity
Dakota						
Homes	86	280	217	791	269	1,000
Centers	6	150	12	482	14	586
Hennepin						
Homes	644	2,157	892	3,208	936	3,775
Centers	49	1,720	88	3,403	111	4,208
Ramsey						
Homes	810	2,486	904	3,080	934	3,182
Centers	15	643	42	1,748	47	1,952
Scott						
Homes	-	-	9	24	33	106
Centers	-	-	2	63	1	40
Washington						
Homes	63	198	68	230	129	474
Centers	5	151	11	283	5	144
7 County Total						
Homes	1,794	5,697	2,397	8,325	2,649	9,743
Centers	80	2,889	166	6,496	191	7,574

B. Current capacity in licensed child care programs in the seven county Twin City area.¹⁰

Number Capacity			Number Capacity		
Anoka			Ramsey		
Family day care homes	305	1,021	Family day care homes	911	3,021
Group family day care	14	99	Group family day care	23	161
Full-day centers	10	521	Full-day centers	47	1,952
Half-day centers	17	451	Half-day centers	57	1,511
Head Start centers	3	60	Head Start centers	8	207
Carver			Scott		
Family day care homes	28	77	Family day care homes	31	90
Group family day care	1	9	Group family day care	2	16
Full-day centers	3	123	Full-day centers	1	40
Half-day centers	4	80	Half-day centers	3	55
Head Start centers	1	20	Head Start centers	1	15
Dakota			Washington		
Family day care homes	260	910	Family day care homes	124	434
Group family day care	9	90	Group family day care	5	40
Full-day care	14	586	Full-day centers	5	144
Half-day care	19	477	Half-day centers	18	483
Head Start centers	-	-	Head Start centers	-	-
Hennepin			7 County Total		
Family day care homes	881	3,319	Family day care homes	2,540	8,872
Group family day care	55	456	Group family day care	109	871
Full-day care	111	4,208	Full-day centers	191	7,574
Half-day care	141	4,281	Half-day centers	259	7,338
Head Start centers	3	118	Head Start centers	16	420

FULL-DAY CARE CENTERS
IN MINNEAPOLIS AND ST. PAUL



SOURCE: St. Paul Planning Department and Greater Minneapolis Day
Care Association. Map assistance: Matt Thayer.

IV. Services Provided by Child Care Resource Centers

A wide variety of support services for child care providers, parents and children are offered by child care resource centers. One of the resource centers operating in the Twin Cities is the South Side Child Care Resource Center and Library, located in the Field-Regina neighborhood of south Minneapolis. This resource center was started by neighborhood residents in 1972. It is now funded largely out of State Child Care Facilities Act and Minneapolis Community Development Block Grant funding. It runs on an annual budget of about \$35,000.

The following are some of the support services provided by the South Side Child Care Resource Center and Library:

- ** Technical assistance is made available to family day care providers and center staffs in writing proposals for state and federal funding.
- ** A bi-monthly newsletter sent to over 1,300 parents, day care providers and others.
- ** In concert with other groups, a directory of child care resources in South Minneapolis was prepared.
- ** Referrals are provided parents seeking child care arrangements.
- ** Technical assistance is provided family day care providers in becoming licensed.
- ** The Center provides space for playgroups, giving parents experience in organizing and operating alternative child rearing models.
- ** The Center maintains a lending library with information on activities for children, safe toys, etc. The library contains books, pamphlets, cassettes and filmstrips. Materials include those for both parents and child care providers, as well as some children's books.
- ** Office space is provided for the staff person for the South Side Child Care Committee, a community-based child care planning and advocacy group.
- ** The Center provides speakers for workshops and conferences and has a file of suggested speakers for referral.
- ** A display is available of inexpensive and hand-made toys and child care equipment. Toy making workshops are conducted. A model play area is available for use.
- ** Neighborhood parents use the drop-in center to meet and talk with other parents about child care needs.
- ** The Center staff conducts workshops and providers in-service training.
- ** During the summer, art classes are held for children. Field trips, parties and special entertainment are provided neighborhood children. After school activities are available two days a week.

V. Sliding Fee Scales

Sliding fee scales generally refer to subsidy programs for child care or other services under which a portion of the cost of the service is paid by the user and a portion is subsidized. The relative size of the user fee and subsidy varies depending on the income of the user. Family size is also usually factored in.

Following are several examples of how a sliding fee scale works. The income levels and maximum fee allowed are for the Parents Assistance Fund sliding fee scale, administered by the Greater Minneapolis Day Care Association. The program involves a minimum parent fee which parents are required to pay. The balance of the cost of child care for that family is then subsidized as shown in the following examples. Assumptions are made that family day care costs \$30 per week, that state certified centers cost \$35 per week, and that federally certified centers cost \$50 per week.

A. Single parent family with two children

<u>Gross Annual Income</u>	<u>Monthly Parent Fee</u>	<u>Size of Subsidy</u>		
		<u>Family Day Care</u>	<u>State Lic. Center</u>	<u>Fed. Lic. Center</u>
\$0-7515	-----Totally subsidized under the Title XX program----			
7516-8000	\$15	\$45	\$55	\$85
8001-8500	20	40	50	80
8501-9000	26	34	44	74
9001-9500	33	27	37	67
9501-10,000	42	18	28	58
10,001-10,500	52	8	18	48
10,501-11,000	62	-	8	38
11,001-11,500	75	-	-	25
11,501-12,000	99	-	-	1

B. Dual parent family with one child

\$0-7516	-----Totally subsidized under the Title XX program----			
7516-8000	\$15	\$15	\$20	\$35
8001-8500	20	10	15	30
8501-9000	26	4	9	24
9001-9500	33	-	2	17
9501-10,000	42	-	-	8

C. Single parent family with three children

\$0-8947	-----Totally subsidized under the Title XX program----			
8947-9500	\$15	\$75	\$90	\$135
9501-10,000	20	70	85	130
10,001-10,500	26	64	79	124
10,501-11,000	33	57	72	117
11,001-11,500	41	49	66	109
11,501-12,000	50	40	55	100
12,001-12,500	60	30	45	90
12,501-13,000	71	19	34	79
13,001-13,500	82	8	23	68

C. Single parent family etc., cont.

<u>Gross Annual Income</u>	<u>Monthly Parent Fee</u>	<u>Size of Subsidy</u>		
		<u>Family Day Care</u>	<u>State Lic. Center</u>	<u>Fed. Lic. Center</u>
\$13,501-14,000	\$ 95	-	\$ 5	\$55
14,001-14,500	110	-	-	40
14,501-15,000	125	-	-	25
15,001-15,500	140	-	-	10

D. Dual parent family with two children

\$0-8947	-----Totally subsidized under the Title XX program -----			
8947-9500	\$15	\$45	\$55	\$85
9501-10,000	20	40	50	80
10,001-10,500	26	34	44	74
10,501-11,000	33	27	37	67
11,001-11,500	41	19	29	59
11,501-12,000	50	10	20	50
12,001-12,500	60	-	10	40
12,501-13,000	71	-	-	29
13,001-13,500	82	-	-	18
13,501-14,000	95	-	-	5

VI. Public Funding Programs for Child Care and Early Childhood Education in Minnesota

We were not able to identify, in our study, any single, uniform source of current information on child care and early childhood education funding programs in Minnesota. We did attempt to compile a listing of those programs ourselves in an effort to estimate the total current public funding level for child care and early childhood education in the state. Unfortunately, the fiscal years for which information was available were not the same for the programs surveyed. The following each represents a single year's funding in either 1975 or 1976.

Title XX	\$ 8,900,000
Head Start	4,300,000
Tax loss from federal income tax deductions	12,000,000
Tax loss from state income tax deductions	300,000
Minnesota Child Care Facilities Act	900,000
Minneapolis Community Development Block Grant	860,000
Minnesota Early Childhood Pilot Program	500,000
AFDC grants	5,000,000
Work Incentive Program (WIN)	561,000
Total	\$33,321,000

It should be noted that there are several other public funding programs for child care which are not included in this listing. They include child care supplements available to some participants in job training programs funded under the Comprehensive Employment Training Act (CETA); the U. S. Department of Agriculture's Child Care Food Program which subsidizes the cost of food for licensed day care programs; federally funded early childhood programs administered by public school districts; and administrative costs of licensing, training, information and referral programs at the state and county levels which are not financed under Title XX or other programs listed above.

Thus, it does not appear unreasonable to estimate that the current annual public tax commitment to child care and early childhood education in Minnesota is in excess of \$34.0 million.

VII. Licensing and Funding

The committee found there is no clear public policy linking public funding for child care to standards or licensing. Some funding programs require licensing. Others do not. And, different sets of standards apply. The following is offered as a short hand reference relating the major public funding programs to the standards which apply.

Title XX--Federal interagency day care requirements must be met by licensed centers and family day care homes except the staffing ratio requirements, which have been suspended until October 1, 1977. Care provided in the child's home must be by a 'certified provider' who meets age and other health requirements and has taken a prescribed amount of training.

Tax credits or deductions--May be applied to expenditures for all formal and informal child care arrangements except relatives. Under changes in the federal credit adopted recently, payments to relatives now also qualify.

AFDC grants--General practice allows a payment to any child care provider other than a relative.

Work Incentive Program (WIN)--Only payments to licensed providers are eligible. Where the funds are going to the provider, the same federal requirements apply as are noted above for Title XX.

Minneapolis Community Development Block Grant and Minnesota Child Care Facilities Act programs--These programs generally fund only licensed providers or parents purchasing care from licensed providers. Some funds do go for support services, however. Some support services are available to parents and unlicensed providers.

VIII. Glossary of Child Care Terms

Following are brief explanations of a number of child care terms frequently used:

FORMAL CHILD CARE ARRANGEMENT: In this report, generally refers to a licensed child care program, involving specially trained personnel and facilities meeting required standards.

INFORMAL CHILD CARE ARRANGEMENT: Generally refers to child care provided in the child's home or in another home by a family member, relative, neighbor, or other provider not required to be licensed.

HOME-BASED CHILD CARE ARRANGEMENT: In this report includes both informal arrangements in the child's home or another home, and licensed family day care.

CENTER-BASED CHILD CARE ARRANGEMENT: Refers to full or part-day child care centers, nursery schools, early childhood education programs, Head Start Centers, parent cooperatives, latch key and drop-in center programs.

DAY CARE CENTER (CHILD CARE CENTER): Any facility (generally a church, large home or school) where care is provided for usually 10-100 children (the average is 30) three years of age and older. A center must be open a full-day (approximately 6:00 a.m. to 6:00 p.m.) and must serve lunch and two snacks. Most of the children attending centers have parents who are working full-time or attending school.

FAMILY DAY CARE HOME: A home where a provider cares for up to five children (including the provider's own) for all or part of a day.

GROUP FAMILY DAY CARE HOME: A family day care setting in which the provider and one helper (13 years old or older) can care for more than five but fewer than eleven children at any one time including the provider or the helper's own children under school age.

NURSERY SCHOOL: Usually a part-day program for children 3-5 years. Must have a certified teacher and an educational program. Nursery schools are licensed by the Department of Public Welfare.

LATCH KEY CARE: Care before or after school. Term originated with New York City children who wore keys to their apartments around their necks and were unsupervised while their mothers worked. These children became known as 'latch key children.'

TITLE XX: Currently a major source of federal child care money; available to match 3 (federal funds) to 1 (local funds) to be used for low income families meeting the eligibility guidelines. Title XX funds more than twenty different social services, of which child care is only one. Other services funded under Title XX include adoption and foster care services.

4-C (COMMUNITY COORDINATED CHILD CARE PROGRAM): A federal system under which local, public and private agencies, and parents develop a method of cooperating on program services, staff development and administrative activities for meeting child care needs. Some local areas in Minnesota have established 4-C organizations meeting federal criteria.

CHILD CARE FACILITIES ACT: Minnesota statute passed in 1971 which authorizes the Commissioner of Public Welfare to make grants to child care facilities. The amount of money appropriated for this bill is \$1,800,000 for July 1, 1975-June 30, 1977.

FEDERAL INTERAGENCY STANDARDS: Standards covering safety, sanitation, staff, program and parent involvement which must be met by any day care facility receiving federal funds. Some of the most important areas covered in the standards are: child/staff ratio, comprehensive services to children and families, i.e. health, nutrition, social services and degree of parent involvement.

STATE STANDARDS (Governing Day Care Centers): -- Minnesota Department of Public Welfare standards covering safety, sanitation, staff and program which must be followed by a licensed day care center. A State Department of Public Welfare employee consults with each center about the standards. Fire and health inspections are done on a local level.

(Governing Family Day Care and Group Family Day Care Homes): -- The state has indicated that each county should administer regulations and license its own family day care and group family day care homes. However, standards are developed at the state level.

LICENSE (DAY CARE CENTER): Issued yearly by the State Department of Public Welfare after the center consults about and complies with state standards.

MONTESSORI: An educational philosophy based on the ideas and methods of Maria Montessori often used in day care centers. Its focus is on structured, individualized approach, employing special materials.

HALF-DAY CARE: Care at a center for four hours a day or less, usually 8-12 or 12-4.

HEAD START: A federally funded, comprehensive early learning program for pre-school children. Care is free to those financially eligible (Example: \$3,800 annual income for a family of 4). Programs include half-day, 4 hours, and full-day care. The centers are licensed by the state.

SLIDING FEE SCALE: Fees based on ability to pay. A portion of the cost is subsidized.

PARENT COOPERATIVE: A non-profit group child care program that is governed by a Board of at least 70% parent users of the program.

SLOT: One space for one child in a facility.

AFDC: Aid to Families with Dependent Children, provided under Title IV-A of the Social Security Act to provide assistance to eligible families to help preserve, rehabilitate, reunite or strengthen the family.

WIN: Under Title IV-C of the Social Security Act, provides that individuals over the age of 15 not attending school receiving AFDC or live in the same household as an AFDC recipient, must be referred to Manpower Services to receive training and employment.

PROPRIETARY: A privately owned center or facility.

COMMUNITY DEVELOPMENT BLOCK GRANT: Federal grant program to upgrade facilities and improve services. The City of Minneapolis has approved \$860,000 for child care services for the 1976-77 year to be allocated by Greater Minneapolis Day Care Association.

LOCAL CHILD CARE ADVISORY COMMITTEE (CCAC): Organization designated by the Commissioner of Public Welfare to advise on the allocation of Child Care Facilities Act funding. CCAC must have at least one-third parent representation.

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- ¹Low and Spindler, "Child Care Arrangements of Working Mothers in the United States," Childrens Bureau, U. S. Dept. of HEW, 1968.
 - ²Shortlidge, R. L., Jr., "Dual Careers: A Longitudinal Study of Labor Market Experience of Women," Vol. 3, Center for Human Resource Research, Ohio State University, Columbus, 1975.
 - ³"National Child Care Consumer Study: 1975," Office of Child Development, U. S. Dept. of HEW, 1976.
 - ⁴"Day Care: Planning to Meet Community Needs," Office of Administrator, Hennepin County, 1971.
 - ⁵"Report on Community Survey for Coordinated Child Development Services," Minnesota Model City, 1972.
 - ⁶"Known Child Care Arrangements for AFDC Recipients in Minnesota in 1973," Minneapolis Department of Public Welfare, 1973.
 - ⁷"Child Care: '76 and Beyond," Greater St. Paul Council for Coordinated Child Care, St. Paul, 1974.
 - ⁸"Carver County Child Development Needs Assessment," Scott-Carver Economic Council, Carver, 1975.
 - ⁹"Trends in Day Care Services," Minnesota Department of Public Welfare, 1970, 1974 and 1976; "Family Day Care Homes: Annual Report," Minnesota Department of Public Welfare, 1970 and 1974; staff interviews with the seven county welfare departments in the Twin Cities area, 1976.
 - ¹⁰"Trends in Day Care Services," Minnesota Department of Public Welfare, 1976; and staff interviews with the seven county welfare departments in the Twin Cities area, 1976.

WORK OF THE COMMITTEE

The Citizens League Board of Directors, in August of 1974, authorized creation of the committee on "The Needs of Parents for Child Care." The committee's charge from the League Board was:

Needs of Parents for Child Care. What role should public policy play in the care of children to assist parents who must be away from home? We will determine (a) nature of the present system in the Twin Cities area, in terms of numbers, who provides the care, where, how, and method of financing, (b) growth in recent years, (c) factors affecting the growth, and (d) likely future demand. We will concentrate chiefly on the Twin Cities metropolitan area, but with the knowledge that recommendations will probably involve state legislation and, possibly federal legislation. Issues which appropriately would be covered include:

- * Whether a larger public role is desirable;
- * Relative advantages and costs of "in-a-home" versus "center" care;
- * Responsibility of employers;
- * Role of public and private institutions;
- * Extent of parental choice;
- * Need for further public financing, if any.

A total of 18 members participated actively in the work of the committee. The chairman was Donald Van Hulzen, senior associate director, University of Minnesota Hospitals. The vice chairman was Andrew Lindberg, legislative research analyst, Honeywell, Inc. The other members of the committee were:

Gerald D. Brennan
Alice S. Briskin
Nancy Dreher
Philip C. Eckhert
Joanne A. Englund

Katherine A. Gardner
Diane B. Hansen
Edward A. Hennen
Gary H. Lohn
Jim Nicholie

Mary Papa
Susan Sands
Matthew Thayer
Parker Trostel
Linda Wheaton
Esther Wattenberg

The committee was assisted by Jon Schroeder and Paula Werner of the Citizens League staff.

The committee held 39 meetings, from October 22, 1975 to September 15, 1976, averaging one per week. For the convenience of committee members and resource persons, meetings were held in both Minneapolis and St. Paul.

The committee spent the first several months of its work hearing from over 60 resource persons on a number of aspects of child care. Included were parents, child care providers, leaders in the Twin Cities child care community, public agency staff members and other interested individuals.

Considerable assistance, advice and data were provided the committee by the Greater Minneapolis Day Care Association (GMDCA), Greater St. Paul Council for Coordinated Child Care (St. Paul 4-C), Ramsey and Hennepin County Family Day Care Associations, State and county welfare departments. The committee is particularly grateful to Edwina Hertzberg,

executive director of GMDCA, and her staff; and Gary Winget, executive director of the St. Paul 4-C. Their faithful attendance at committee meetings and generous assistance to the committee were greatly appreciated.

Detailed minutes were prepared of committee meetings, with copies being made available to members who were not present, and to a number of persons, both locally and nationally, who were interested in the subject matter under study. A limited number of copies of the minutes are on file at the Citizens League office, as are copies of background articles, staff reports and other data.

After the initial orientation portion of the committee's work, several months of internal discussion resulted in a series of drafts of findings and conclusions. Following general agreement on findings and conclusions, the committee's discussion shifted to recommendations and, finally, to adoption of this report.

As is always the case with Citizens League reports, the work of this committee could not have been possible without the important participation of a number of resource persons. We offer our sincere thanks to the following persons who acted as resource persons for this committee:

Fred Amram, director, HELP Center, University of Minnesota

Debra Barber, parent

Louis Bates, Office of Child Development, U. S. Department of HEW

Barbara Beatt, family life specialist, Agricultural Extension Service, University of Minnesota

Dr. John Brantner, division of health care psychology, University of Minnesota Hospitals

Roxanne Brown, trainee, Concentrated Employment Program

Val Burros, president, Ramsey County Family Day Care Association

Gary Dorek, supportive service worker, Minneapolis Concentrated Employment Program

Phil Eckhert, office of research and planning, Hennepin County

Jane Ellingson, director, Family Child Care and Sick Care Program, Eastside Neighborhood Services

Ann Ellwood, director, Minnesota Early Learning Design

Roger Engstrom, purchase of services director, Hennepin County

John Evans, staff member, Ramsey County Community Health and Welfare Planning Council

Chuck Fecht, social services division, Minnesota Department of Public Welfare

Shelley FitzMaurice, research analyst, Minnesota Department of Employment Services

Dan Fourre, member, St. Paul-Minneapolis Archdiocese Family Life Commission

Estelle Griffen, service specialist to day care, Minnesota Department of Public Welfare

Clayton Hagen, consultant, Minnesota Department of Public Welfare

Donna Harris, human resources department, City of Minneapolis

Mel Harris, executive director, Minnesota Urban Comprehensive Employment and Training Consortium

Edwina Hertzberg, director, Greater Minneapolis Day Care Association

Ellen Hoffman, staff director, Subcommittee on Children and Youth, U. S. Senate

Pat Hoven, parent

Connie Hudnut, associate director, Greater Minneapolis Day Care Association

Jon Jacka, regional director, Learning Tree Day Care Centers

Mary Johnson, parent

Shirley Kluznik, supervisor of family day care licensing, Ramsey County

Cherie Kotilinek, day care section, Minnesota Department of Public Welfare

Arlene Lazan, single parent

Robert Leik, director, Minnesota Family Study Center, University of Minnesota

Gary Levin, director, Minneapolis Concentrated Employment Program

Dorothy Lindahl, personnel officer, Honeywell, Inc.
Billie Lockett, director, Southside Child Care Resource Center and Library
• Gary Lohn, director of human resources, Control Data Corporation
• Frank Manolivitz, personnel officer, St. Paul Insurance Companies
• Joan Maxam, officer, Parents Without Partners
Steven D. McLaughlin, staff member, Minnesota Family Study Center, University of Minnesota
Marsha Melgaard, single parent
Robert Miller, Catholic Social Services
Jeylan Mortimer, staff member, Minnesota Family Study Center, University of Minnesota
Diana Nagle, single parent
Jim Nicholie, staff member, Minneapolis Group Family Day Care Project
Cheryl Nyhus, supervisor of non-residential licensing, Minnesota Department of Public Welfare
Beverly Propes, director, Northside Child Development Center
Susan Romer, vice president, Twin Cities Coalition of Labor Union Women
Vic Sandvig, personnel officer, Northwestern National Bank of Minneapolis
Scottie Seman, president, Apple Valley Babysitting Club
Gretchen Shanight, parent
Charles Sherrard, vice president, American Telephone and Telegraph Company, New York
Sue Sinna, organizer, Ramsey County Family Day Care Association
Dick Sommerstad, former flexible hours coordinator, Control Data Corporation
Dorothy Swanson, staff member, Seton Center
Irving Tallman, staff member, Minnesota Family Study Center, University of Minnesota
Sue Tewalt, coordinator, Hennepin County Family Day Care Association
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Jim Williams, Urban Development Department, First National Bank of Minneapolis
Jack Wieczorek, member, State Child Care Advisory Committee
Gary Winget, executive director, Greater St. Paul Council for Coordinated Child Care
Gloria Zweber, director, Bryant-Glenwood Educare Center

September 23, 1976

M E M O

TO: Board of the Citizens League

FROM: Esther Wattenberg

RE: Minority Report for Consideration on Recommendations for Child Care Committee

Please note that on page 67, point 3, the committee does not make a recommendation for an increase in the income eligibility limit for totally subsidized child care in Minnesota. Presently, the cut-off point is \$9475 for a family of four, i.e. 60% of the state median income.

Recommendation

I am recommending that income eligibility for free child care services be established at 65% (\$10,264) of the state median income.

Rationale

The Bureau of Labor Statistics* estimates that it now takes \$10,188 for a family of four to maintain a low standard of living in an urban area. This standard is a minimum floor for maintaining basic living needs of food, shelter and basic replacements of clothing and minimum household needs. It is not considered an income which can sustain even minimum costs of child care. Note that the current 60% cut-off point is below the Bureau of Labor Statistics lower standard of living. Furthermore, it is a regression of the 1971 cut-off point which was at \$9700. Moreover, because of the inflationary spiral, the 60% hold-the-line eligibility policy has eliminated otherwise eligible families from the Title XX program each year since 1971.

Those families who are non-AFDC and are income eligible have been estimated as comprising less than 30% of the total child care expenditures. Therefore, a change in the eligibility criteria will reach a significant part of the population but not one that by sheer numbers will have a serious impact upon the total child care expenditures.

*See attached page

LOWER BUDGET
STANDARD OF LIVING FOR A FAMILY OF FOUR PERSONS
FOR METROPOLITAN AREA

Item	Autumn 1975 ¹	Autumn 1976 ⁵
Food	\$2,946	\$ 3,129
Housing ²	1,809	1,921
Transportation	650	690
Clothing	773	821
Personal Care	269	286
Medical Care	748	794
Other Family Consumption ³	462	491
Other Items ⁴	432	459
Social Security & Disability Payments	562	597
Personal Income Taxes	942	1,000
Total	\$9,593	\$10,188

¹ Source: U.S. Department of Labor, Bureau of Labor Statistics, "BLS Revised Estimates for Urban Family Budget and Comparative Indexes for Selected Urban Areas, Autumn 1975 (Chicago: BLS, May 1976).

² Rented dwelling, house furnishings, and household operations.

³ Reading, recreation, tobacco, alcoholic beverages, education, misc..

⁴ Gifts, contributions, life insurance, occupational expenses.

⁵ Estimate based upon current rate of increase in cost of living (i.e., 6.2%).

THE CITIZENS LEAGUE

. . . formed in 1952, is an independent, nonpartisan, non-profit, educational corporation dedicated to improving local government and to providing leadership in solving the complex problems of our metropolitan area.

Volunteer research committees of the CITIZENS LEAGUE develop recommendations for solutions to public problems after months of intensive work.

Over the years, the League's research reports have been among the most helpful and reliable sources of information for governmental and civic leaders, and others concerned with the problems of our area.

The League is supported by membership dues of individual members and membership contributions from businesses, foundations, and other organizations throughout the metropolitan area.

You are invited to join the League or, if already a member, invite a friend to join. An application blank is provided for your convenience on the reverse side.

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What The Citizens League Does

Study Committees

- 6 to 10 major studies are undertaken each year.
- Each committee works 2½ hours per week, normally for 6-9 months.
- In 1974 over 250 resource persons made presentations to an average of 25 members per session.
- A fulltime professional staff of 6 provides direct committee assistance.
- An average in excess of 100 persons follow committee hearings with summary minutes prepared by the staff.
- Full reports (normally 25-50 pages) are distributed to 1,000-3,000 people, in addition to 4,000 summaries provided through the CL NEWS

Citizens League NEWS

- Published twice monthly, except once a month in June, July, August & December.
- Provides reader with general information, original data and League analysis on public affairs issues.

Information Assistance

- The League responds to many requests for information. Substantial amounts of staff time are devoted to explaining local developments to out-of-town visitors, providing background information to the news media, and serving as resource speakers to community groups.

Community Leadership Breakfasts

- Minneapolis Community Leadership Breakfasts are held each Tuesday at the Grain Exchange Cafeteria, 7:30-8:30 a.m., from September to June.
- St. Paul Community Leadership Breakfasts are held on alternate Thursdays at the Pilot House Restaurant in the First National Bank Bldg., 7:30-8:30.
- An average of 35 persons attends the 55 breakfasts each year.
- The breakfast programs attract good news coverage in the daily press, radio and, periodically, television.

Question-and-Answer Luncheons

- Feature national or local authorities, who respond to questions from a panel on key public policy issues.
- Each year several Q & A luncheons are held throughout the metropolitan area.

Public Affairs Directors

- A Public Affairs Directory is prepared following even-year general elections, and distributed to the membership.

Public Affairs

- Members of League study committees have been called on frequently to pursue their work further with governmental or non-governmental agencies.

(clip and return with check)

Application for Membership in the Citizens League

84 S. Sixth Street, Minneapolis, MN 55402 (338-0791)

Please check:

Individual - \$15 ☐ Student - \$5 ☐ Contributing - \$35 and up ☐
Family - \$25 ☐ or \$30 ☐ (for two separate C.L. NEWS mailings)

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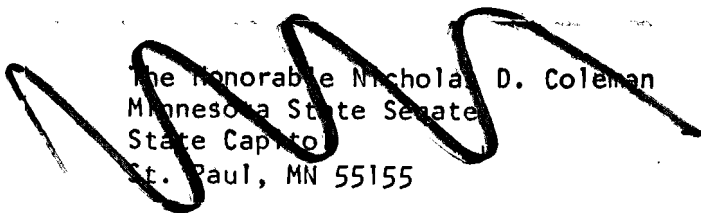
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