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Women and Child Care

Commission on the Economic Status of Women

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INTRODUCTION

Parents who work sooner or later ask, "Who will take care of my kids while I'm working?" Both husbands and wives are asking this question as more married women enter the labor force. For both married and single parents, the question is often not an easy one to answer.

Women with children work outside the home more now than at any time in the last 30 years. In 1947, one in five mothers worked outside the home. Today two of every three mothers have paid employment. Because this trend is relatively new, working mothers, couples with children, employers and public policy makers are struggling to meet this ever-growing need.

The availability of child care services has not kept up with the demand created by women's entrance into the labor force. Informal child care arrangements are becoming less common because the pool of available caregivers, such as neighbors, friends and relatives, is decreasing. Parents looking for formal child care arrangements often find long waiting lists and high fees and settle for services that are less

than what they really need or want. How will public policy play a role in meeting this growing need for child care services for working parents?

Parents have a choice of a variety of formal child care options and need to know how the programs they choose benefit their children. Who will set the standards for child care and how will those standards be assured?

Average annual child care costs are estimated at \$3,000 per child. Many single parents and low-income families pay as much for child care as for housing and food. How can quality child care services be made affordable for families of all income levels?

Child care services are paid for by parents when they can afford it. Federal, state and county-funded programs provide some low-income parents with assistance with child care expenses. The extent of government involvement in providing and paying for child care services is a major public policy question. Who will government programs serve and how will they be funded?

Employers are beginning to recognize the child care needs of their employees by offering child care

programs themselves, helping to pay for child care costs, or providing other benefits which can help parents meet their dual responsibilities as parents and employees. What role will employers play in meeting the child care needs of their employees?

Child care employees are among the lowest paid workers in the nation and nearly all of them are women. Most are not covered by the usual employee benefits. The child care industry has a high employee turnover rate. How will the growing need for quality, affordable child care be reconciled with recruiting and retaining qualified staff who are paid equitable salaries?

The public policy debate over child care presents issues central to economic justice for women. Women need to have equal opportunities in education and employment regardless of their status as mothers. To obtain equal access to the workforce, they need to find quality, affordable child care, they need to earn enough to pay for child care services and they need to be able to make appropriate choices for themselves and their children.



TRENDS AFFECTING THE NEED FOR CHILD CARE SERVICES

The "traditional" family model of a working father supporting his wife who is at home taking care of their children is the exception rather than the norm today. It is estimated that less than 10 percent of American families fit this model as married women increase their participation in the labor force, as more women

become wage earners in two-parent families, and as more women are single, working parents.

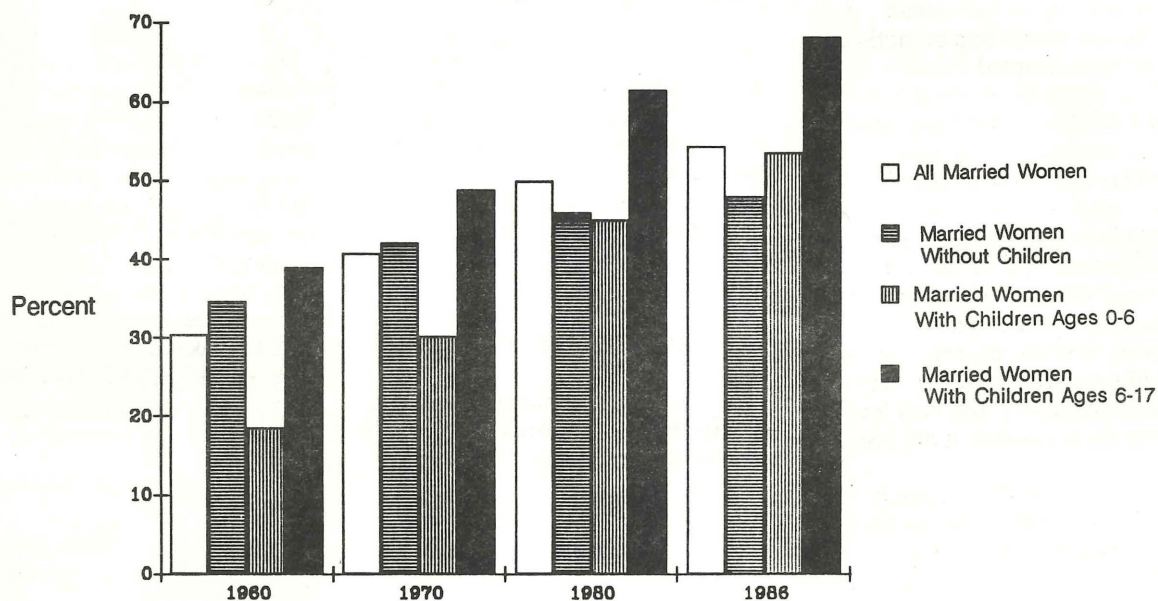
Employed Women

In the 1960s, women began entering the labor force in greater numbers than they had since World War II. During that same decade, more married women continued to work, even after they had children. In 1985, 55 percent of all women were in the work force, three times as many as at the end of World War II.

Today women with young children are 10 times more likely to have paid employment than they did immediately after World War II.

This trend will not slow down as we reach the year 2000, according to the U.S. Bureau of Labor Statistics. By 1995, two-thirds of all people entering the labor market will be women and 85 percent of these will be women of child-bearing years.

Labor Force Participation-Married Women



U.S. Bureau of Labor

Employed Mothers

Today women are likely to have dual roles as mothers and employees. Nearly two-thirds of U.S. women with children under 18 are in the labor force. Financially, many mothers cannot afford to remain at home. Women are also choosing to remain in the workforce when raising children.

The trend of mothers to re-enter the labor force after having children has been particularly striking in the last decade. The ages of a mother's children play less of a role in whether or not she is employed. Mothers of all ages of pre-school children are more likely to have paid employment. In the last decade, the labor force participation of mothers of newborns increased dramatically, from 31 percent in 1976 to 52 percent in 1987.

Single-Parents in the Workforce

A recent estimate is that six percent of the present U.S. workforce is made up of single, working parents. In 1980, 14 percent of all U.S. families were single-parent families. In Minnesota, the number of single-parent families increased by 85 percent from 1970 to 1980.

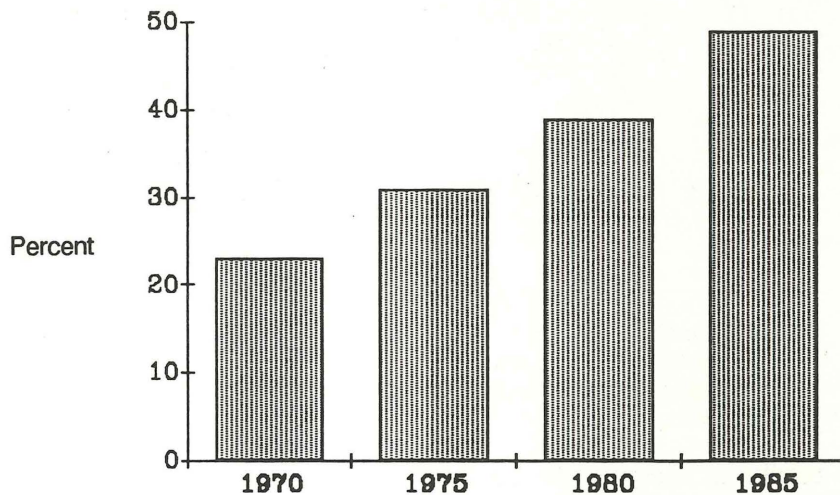
Overall, single mothers participate in the labor force at rates only slightly higher than married mothers. However, when their children reach school-age, a higher percentage of single mothers work full-time.

Two-income Families

Today the majority of two-parent households have both husband and wife employed. The employment of both spouses is often an economic necessity as the costs of housing and other goods has escalated over the last decade.

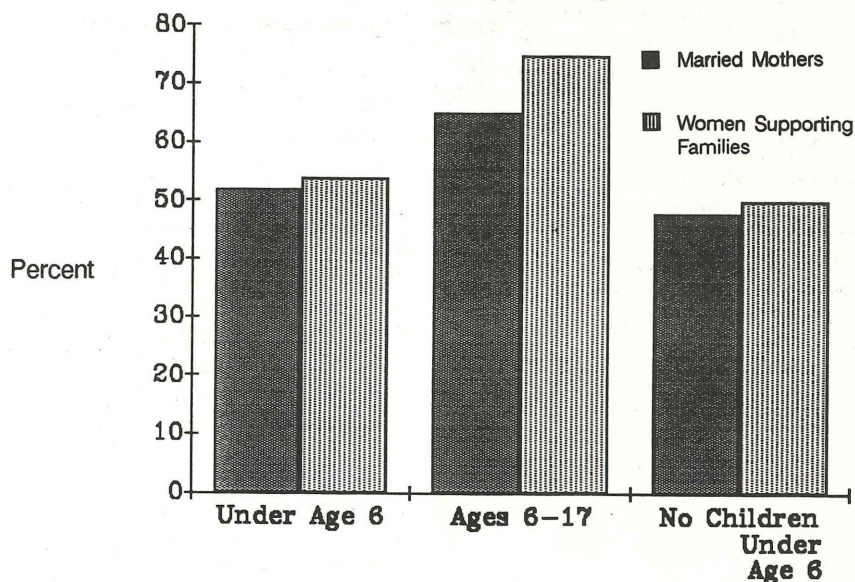
Nearly two-thirds of all married couples in the U.S. who have children have both the husband and wife employed. In Minnesota, both spouses are employed in 57.4 percent of all married couples. Data on their parental status is not available.

Labor Force Participation-Mothers of Newborns



U.S. Department of Labor

Labor Force Participation-Married Mothers and Women Supporting Children



U.S. Department of Labor

TYPES OF CHILD CARE

Many women use informal arrangements such as having relatives or "babysitters" care for their children while they are at work. In 1982, however, over half of all employed women chose care outside their own homes for their children under age 5.

In Minnesota, working parents who seek formal child care arrangements have several options, as listed in the box below.

Day or Child Care Center: For 10 or more preschool children, usually located in public or private buildings. License required.

Family Day Care: Care for one to five preschool children and two school-age children in the caregiver's home. License required.

Group Family Day Care: Care for up to 10 preschool children plus two school-age children in the caregiver's home. License required.

Child Care Cooperative Center: Similar to day care centers with more parental involvement. License required.

Latch Key: Care for school-age children, often available in schools and community programs.

Minnesota licenses child care facilities in an effort to provide some standard for the quality of care in these programs.

Minnesota requires the following ratios of adults to children in licensed child care programs.

INFANTS

Birth to 12 months: 1 to 4

TODDLERS

12 to 24 months: 1 to 5

25 to 36 months: 1 to 7

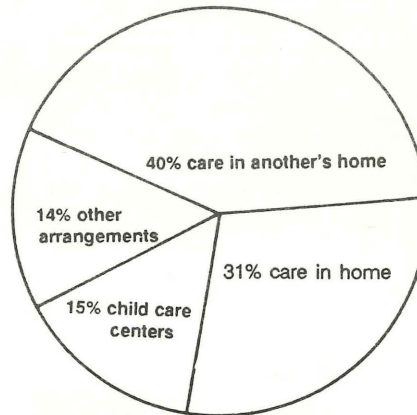
36 months to kindergarten: 1 to 10

SCHOOL-AGE

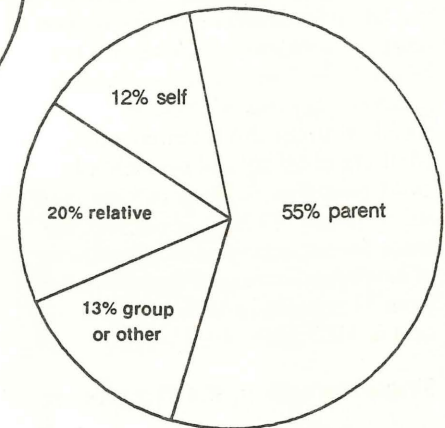
Kindergarten to age 10 :1 to 15

Child Care Arrangements-U.S.

1982: Children Under Age 5



1984: Children Ages 6-17



U.S. Census Bureau

Availability

Although the number of child care facilities has increased in the last decade, supply has not kept up with demand. In 1977, there were approximately 10,800 child care businesses in the country, compared to 30,762 in 1982.

Minnesota has experienced only a slight growth in the number of licensed child care slots available to parents during the 1980s. A 1986 study showed that there were 35 or fewer licensed slots for every 100 children needing care in the majority of Minnesota counties. This leaves two-thirds of the need unmet. The study showed that 26 Minnesota counties were meeting 25 percent or less of the child care needs of their residents. Seven other counties were meeting 50 percent of the need and no county in Minnesota was meeting more than 68 percent of the need.

Infant care is the most difficult to find. Nearly two-thirds of Minnesota counties report a shortage of infant care slots, mainly due to the higher teacher/child ratio required for licensing infant care.

Finding decent affordable child care is more difficult for parents of more than one child, since often child care homes or centers are licensed only for certain age groups. Arrangements for more than one child may be more complex, more costly and ultimately not accessible.

Early Education

As policy-makers explore ways to increase the availability of child care for working parents, they look to the educational system to fill some of the gap. Structured programs such as pre-school programs run by private or public schools or private agencies have been shown to enhance a child's success as an older student. Every dollar spent on quality pre-school education is estimated to save \$4.75 in future public spending on public assistance programs, incarcerations, or programs for high school drop-outs or teen-age parents. In 1985, the U.S. Census Bureau estimated that nearly 40 percent of all three to four-year-olds were in pre-school programs.

COSTS OF CHILD CARE

The average cost of child care per year is \$3,000 per child. Costs vary depending upon the age of the child and the type of child care arrangement. Generally, the younger the child, the higher the cost.

The box shows the average annual child care costs in 1984, according to a national survey.

FAMILY DAY CARE

Age 0-2: \$1,500 to \$3,250 +
Age 3-5: \$1,500 to \$3,000

CENTER DAY CARE

Age 0-2: \$1,750 to \$3,800
Age 3-5: \$1,750 to \$3,800
Age 6-13: \$ 900 to \$1,500

The median annual income of Minnesota families in 1985 was \$28,808. Child care expenses would amount to about 10 percent of the average family's income for one child. For low-income families the costs can amount to 20 to 25 percent of their incomes.

Average Licensed Child Care Fees in Minnesota

	Metro Area 1987	Large Cities Outside Metro Area 1987	Rural 1987
INFANT			
Day Care Home	66	58	55
Day Care Center	100	74	61
TODDLER			
Day Care Home	63	57	55
Day Care Center	83	63	57
PRESCHOOL			
Day Care Home	61	56	55
Day Care Center	73	59	55

Department of Human Services

Factors Affecting Costs

The child care industry has been affected by several factors that contribute to the costs of caring for children.

Insurance rates for child care providers can be extremely high. A recent Minnesota Department of Commerce study showed that liability insurance premiums for family child care providers have in-

creased 100 percent over the last three years. Those rate increases affect the fees charged to parents.

Licensed child care facilities in Minnesota must meet certain building code requirements regarding structure, safety features, parking and handicap accessibility. For smaller centers or family day care homes, these requirements can be especially costly and affect child care fees.

GOVERNMENT PROGRAMS TO PAY FOR CHILD CARE

Tax Credits-Federal and State

Several government programs help families pay the costs of child care. Both the federal and state government offer tax credits to parents to reduce their pre-tax income. Twenty to 30 percent of child care expenses can be deducted on the federal income tax form, depending upon family income. In 1986, the maximum credit was \$720 for one child and \$1,440 for two or more children under age 15. The average credit received was \$347. In Minnesota, parents with incomes of \$12,000 to \$24,000 can deduct up to 30 percent of their child care expenses. The credit is refundable even to those who do not have to pay taxes. An estimated 45,000 Minnesotans use this tax credit.

Tax credits can cushion the burden of child care costs for middle and upper-income workers. Several federal, state and county-level programs are designed to help lower-income parents and those on public assistance programs pay for child care costs incurred while working or in job training programs.

Other Federal Programs

The federal Social Services Block Grant program provides funding directly to counties to create social service programs, which may include child care programs. Similarly, Minnesota's Community Social Services Act provides funding to counties for local programs, which may include child care.

The federal government also provides funding through the Aid to Families with Dependent Children (AFDC) special needs program, which helps pay child care costs of AFDC recipients in education or training programs. Child care expenses are deducted when figuring an AFDC applicant's eligibility for assistance. Income up to \$160 per child per month is excluded when eligibility is determined.

Community Development Block Grants, a federal program for cities, also may fund some child care programs across the country.

State Programs

Minnesota subsidizes child care for some parents from two major funding programs. The sliding fee program funds AFDC families and low-income families on a sliding scale based on their income and child care needs. Another fund assists AFDC recipients and other low-income families involved in training or educational programs in meeting child care expenses.

In 1987, the legislature increased the funding for the state's child care programs from \$10.1 million to nearly \$26 million. The chart below shows the allocation of this \$26 million to the sliding fee program, the set-aside program for AFDC recipients and low-income families, and other special allocations.

The Sliding Fee Program

The \$12 million sliding fee program helps AFDC recipients and

families with incomes below 75 percent of the state's median income. The amount of help the family receives depends upon such factors as family income, family size, and amount of child care expenses. As family income rises, the share paid by the sliding fee program decreases. This program is administered through the Department of Jobs and Training at the state level and at the local level by county social service offices. Counties are required to participate.

The other major share of the child care fund provides \$13 million to serve three groups: certain AFDC recipients, AFDC post-secondary students, and low-income non-AFDC post-secondary students in public and private schools.

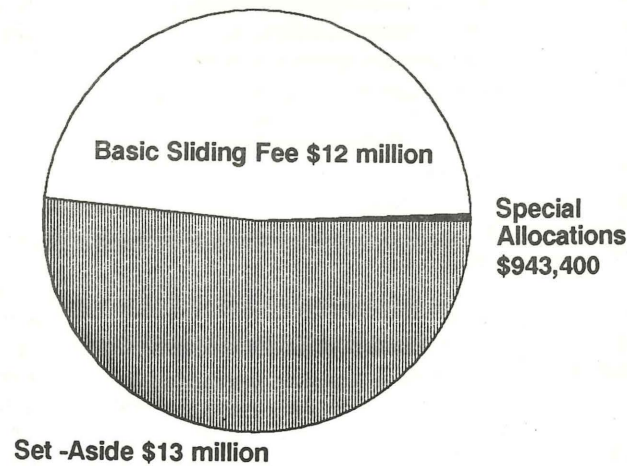
Special Allocations

The state allocated \$250,000 for resource and referral programs to help parents find licensed child care services in their community. Eighty percent of the funds are earmarked for rural communities.

Another \$250,000 is allocated to help create new and expand and improve existing child care facilities throughout the state, particularly in communities that lack services.

A program to provide child care to migrant workers in Northwestern Minnesota receives \$243,000. An allocation for the administrative costs of state child care programs is \$200,000.

State Child Care Funding 1987-89 Biennium



Department of Human Services

County Expenditures

Counties may use the sliding fee program, property tax revenues and state and federal social service block grants to fund county-based child care programs. It is estimated that \$13 million of county dollars are spent on child care programs in Minnesota. Under the state's Community Social Service Act (CSSA), counties are required to fund child care programs for applicants who are in educational and training programs.

Private Sector Participation

Private organizations such as charitable foundations and churches fund a small percentage of child care programs in the U.S. As more attention is devoted to poverty and welfare reform programs, these efforts may increase. The National Council of Churches estimates that 70 percent of child care centers are located in church buildings and half of these are receiving "in-kind" support from the congregations through the use of low-cost or donated church space.

CHILD CARE: A WORKPLACE BENEFIT

The availability of child care services for working parents can make a great deal of difference as they struggle to balance their dual responsibilities as employees and as parents. Child care problems can result in absenteeism for the parents and/or contribute to the employee's stress and efficiency levels. Some parents make career decisions based on the needs of their children. In a 1986 poll, 29 percent of parents of children under 12 said they had given up jobs or promotions because of a lack of child care options.

To help parents meet their dual responsibilities, some employers offer either on-site child care services or other benefits for their employees with children.

Between 1970 and 1986, the number of U.S. employers providing on-site child care facilities grew from about 50 to an estimated 2,000, representing a very small share of the nation's six million employers. In 1985 in the U.S., 3,000 of 6 million employers offered their employees some type of child care assistance. In Minnesota, an estimated 200 companies have some type of child care programs or benefits for their employees.

Most employers offering child care facilities of their own are larger companies in such industries as banking, insurance, health care and technology. The Minnesota State Planning Agency estimates that fifteen Minnesota companies operate their own child care centers.

Government Incentives for Employers

Tax credits to businesses which provide on-site or other child care services are offered in several states including Minnesota, Michigan, Connecticut, California, Maine, Rhode

Island, and Oregon. Some states offer revolving loan funds that employers can draw from to build child care facilities. Other employer-based programs are funded through the federal Neighborhood Assistance Programs, which provide tax incentives for economic development projects.

Off-Site Child Care Assistance

Providing on-site child care facilities is one option available to employers who want to help their employees. There are also several ways employers can help subsidize child care costs at other facilities. They may contract for services at a community center, they may provide vouchers for employees to use at child care providers, or they may join with other community businesses to purchase child care slots in community centers. Employers also operate information and referral programs to help their employees find child care services to fit their needs. Some Minnesota employers subsidize child care programs for children who are sick.

Other Employee Benefits

Employers can do much to help employees meet their parenting responsibilities by offering flexible scheduling and shared jobs.

Flextime

Flexible scheduling allows employees to work a certain number of hours, but not necessarily the standard 9-to-5 shifts. An estimated 12 percent of all full-time workers had flexible work schedules in the early 1980s, up from under five percent in 1974. Flex-time can also mean longer workdays, but shorter weeks (four 10-hour days instead of five 8-hour days). Flexible scheduling can give working parents greater options in child care arrangements.

Job Sharing

Job sharing gives two employees a permanent part-time position that amounts to a full-time position for the employer in terms of benefits and salary. Job sharing works well for parents who need to work, but also want or need to spend time with their children.

Leave Policies

Leave policies can also reflect an employer's commitment to helping employees raise families, particularly when children are born or newly adopted or when children have extended illnesses. Some firms provide leave benefits for new parents. These benefits vary in whether they are paid or unpaid, whether other fringe benefits continue during leaves, and whether employees can return to their previous jobs.

A 1987 Minnesota law requires employers to provide up to six weeks of unpaid parental leave to a mother or father upon the birth or adoption of child. This applies to employers who have 21 or more employees in at least one site. Employees must have worked an average of 20 hours a week and have been employed with the company at least one year to qualify for the leave. The employer must continue to make insurance coverage available to an employee, but may require the employee to pay for it. A returning employee must be able to return to the former position or to a position of comparable duties, number of hours and pay.

Other Options

Some companies offer employees opportunities to work at home, which can help parents with child care. Advances in computer and other technology may make this a more common option offered to some employees.

CHILD CARE WORKERS

In Minnesota, about 20,000 people are employed in the child care industry. In 1985, 97 percent of these workers were women. Most have a four-year degree and earn an average of \$5 per hour. Those who work in family care settings generally earn even less. Two of every three child care workers have earnings below the poverty level.

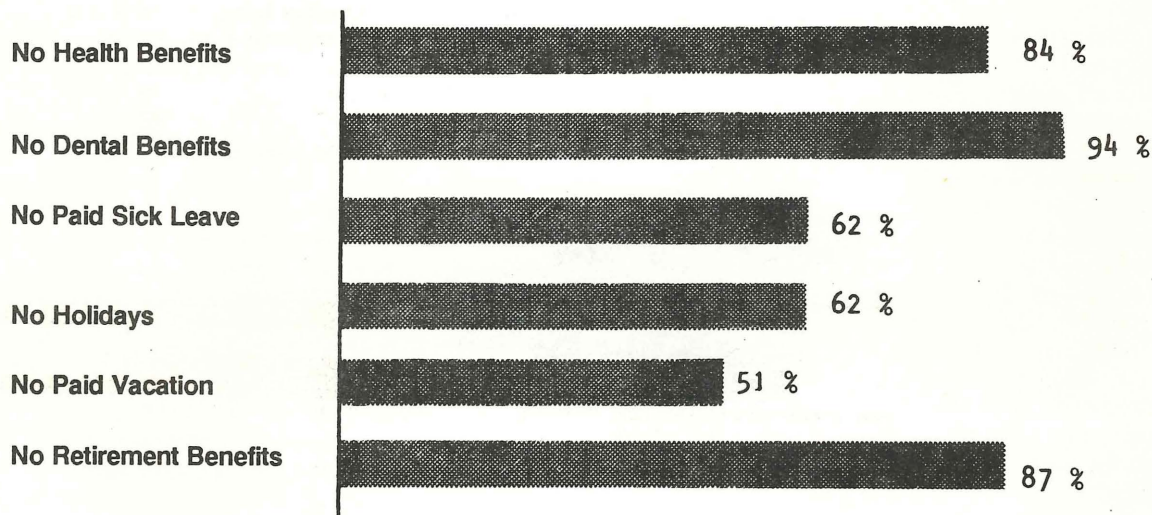
The average hourly wage for public school teachers in Minnesota is \$11.76, while a child care teacher earns \$5.57 to \$6.15 per hour. Child care aides receive an average of \$3.93 to \$4.52 per hour. In 1987, the legislature approved higher reimbursement rates to child care providers who pay their workers wages higher than the state's average wage.

Over half of all child care workers are part-time employees, which makes them ineligible for paid vaca-

tions and/or benefits. The child care industry has an employee turnover rate of 40 percent, compared to 20 percent in most other industries.

As public policy begins to be shaped around who should pay for child care services and what role government and private industry should play, the low wages of child care workers will be a factor.

Child Care Centers Employee Benefits-1984



ABOUT THE COMMISSION

The COMMISSION ON THE ECONOMIC STATUS OF WOMEN is a legislative advisory commission established by the Minnesota Legislature in 1976. Commission members include state senators and representatives. The Commission studies all matters relating to the economic status of women in Minnesota and publishes reports and recommendations to the legislature and to the Governor.

Commission members are:

Senator Linda Berglin
Senator Gary DeCramer
Senator Pat Piper
Senator James Ramstad
Senator Ember Reichgott
Representative Karen Clark
Representative Katy Olson
Representative Sidney Pauly
Representative Ann Rest
Representative Gloria Segal, Chair

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