92d Congress }
1st Session } COMMITTEE PRINT

MATERIAL RELATED TO

CHILD CARE LEGISLATION

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

JULY 23, 1971

Prepared by the staff and printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE
64-734 O WASHINGTON : 1971

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Chart 1.—Participation of Mothers in the Labor Force Has Increased Steadily

Between 1950 and 1970 the participation of women in the labor force increased from 33 percent to 43 percent. During the same period, however, the labor force participation of mothers rose even more dramatically, almost doubling over the 20 years from 22 percent in 1950 to 42 percent in 1970. Today, 11.6 million women with children under age 18 are in the labor force.

The increase has been dramatic both for women with children of preschool age and for women with school-age children only. In March 1969, 4.2 million mothers with children under 6 years of age participated in the labor force, representing 30 percent of the 13.9 million women with preschool-age children. In that same month, 7.4 million or 51 percent of the 14.5 million women with children ages 6 to 17 (but without children under 6) were members of the labor force. According to projections of the Department of Labor, labor force participation of mothers is expected to continue increasing during this decade.

CHART 1

Participation of Mothers in the Labor Force Has Increased Steadily

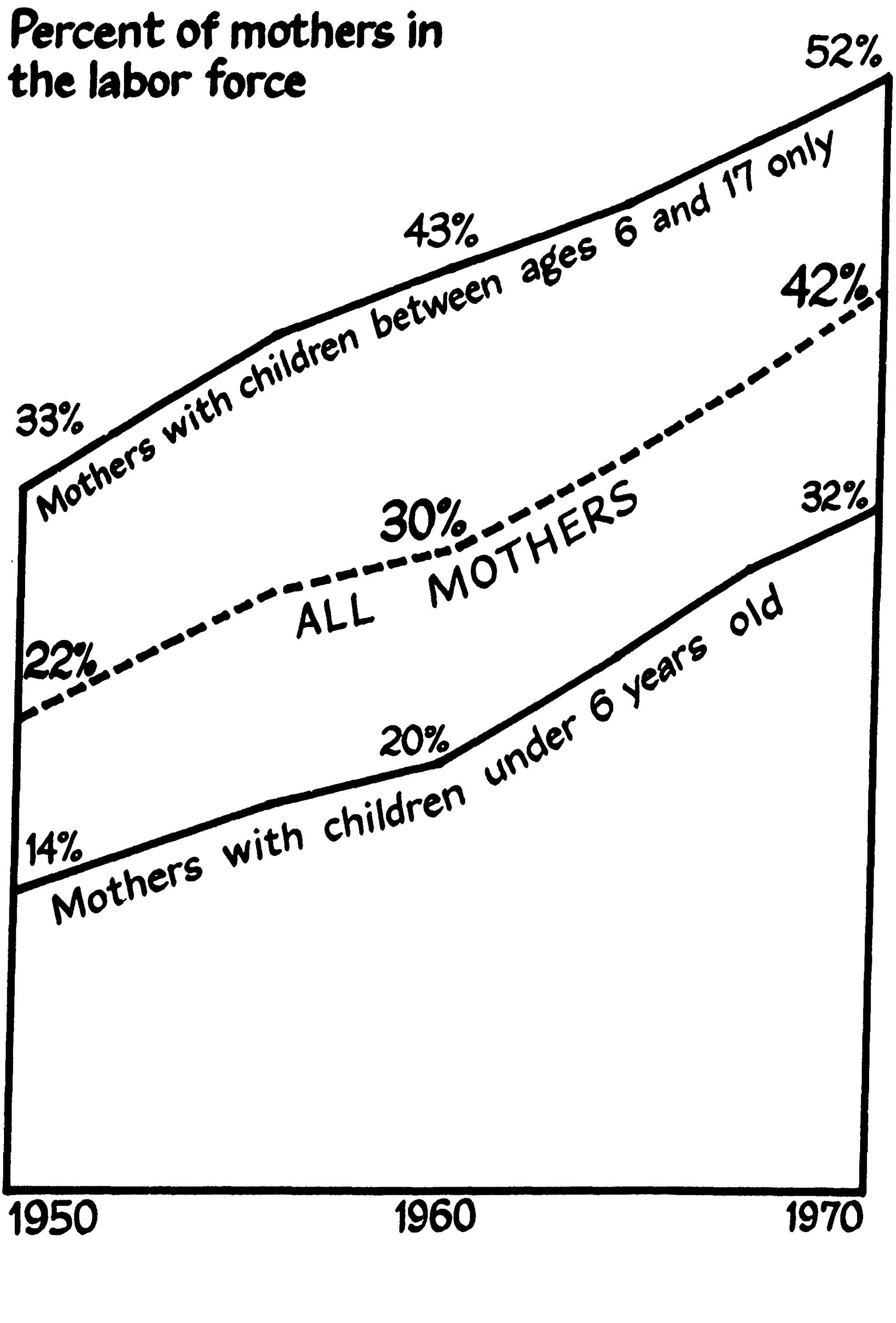

Chart 2.—Lack of Child Care Represents a Major Barrier to Employment of Welfare Mothers

Most families receiving Aid to Families with Dependent Children today consist of a mother and children, with no father present. Of the more than 2½ million families receiving AFDC in December 1970, an estimated 1.5 million have at least one child under age 6. In about 700,000 of the families, the youngest child is between the ages of 6 and 12. In terms of numbers of children, one-third (2.3 million) of the 7 million children on the AFDC rolls in December 1970 were under 6 years of age, while two-fifths (2.9 million) were between 6 and 12 years old.

In view of the number of children on welfare requiring child care in order for their mothers to work, it is not surprising that a number of studies conducted by and for the Department of Health, Education, and Welfare in recent years have pointed up the major barrier to employment of welfare mothers that lack of child care represents. For example, a report by the National Analysts for the Department of Health, Education, and Welfare dated October 1970 found that "child care responsibilities . . . constitute the largest reported obstacle for the [AFDC] women who are not in the market for a job. . . . More than one-half (51%) of the women report child care responsibilities as a major reason for failing to seek employment."

CHART 2

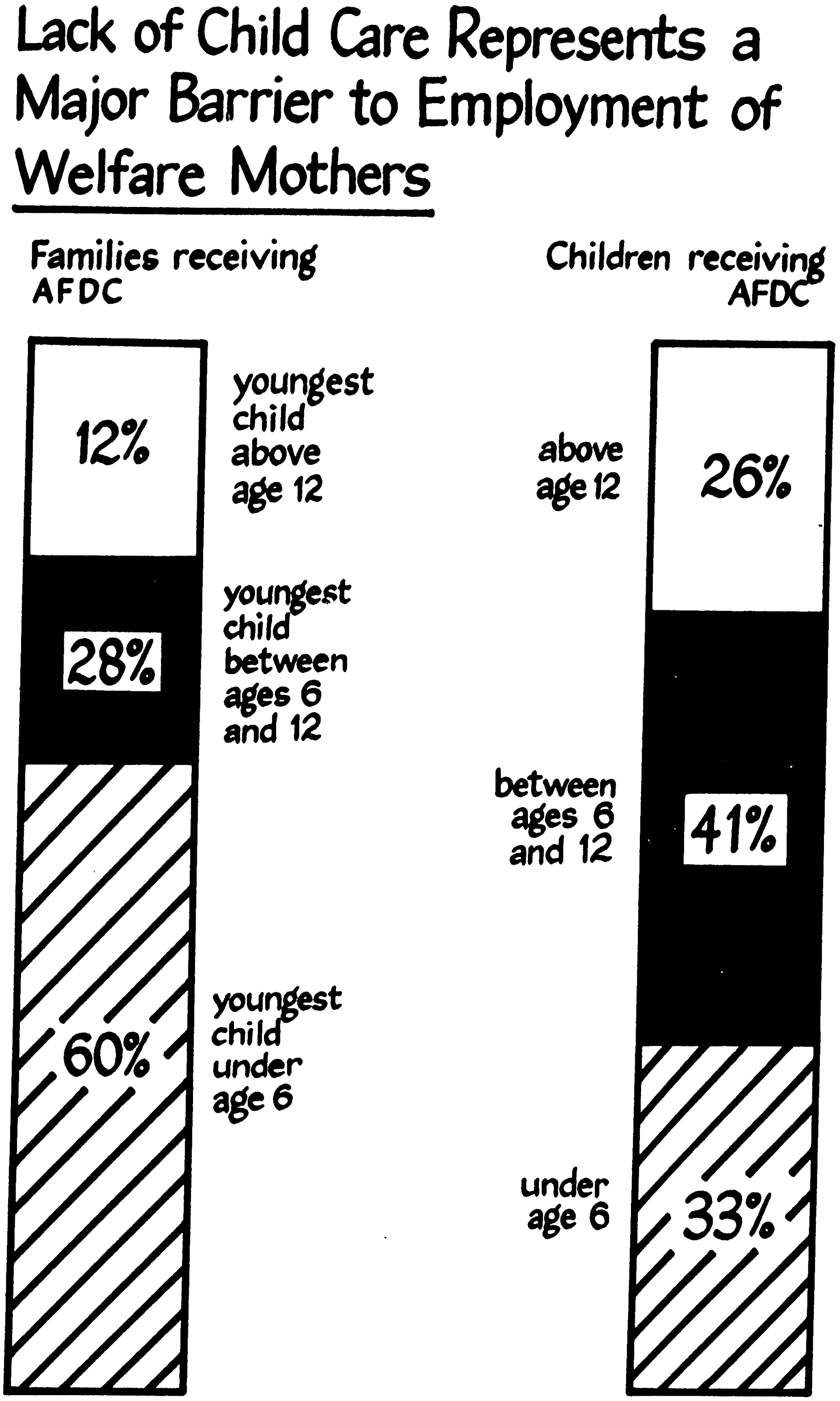

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Chart 3.—Child Care Arrangements of Working Mothers Today

The most recent detailed information on the care of children while their mothers work is contained in a study entitled "Child Care Arrangements of Working Mothers in the United States," conducted by the Children's Bureau and the Women's Bureau based on 1965 statistics. The study showed that about half of the 8.3 million children of mothers working full time in 1965 were cared for in their own home, usually by a member of their own family or a relative. Ten percent were cared for in the home of a relative, and another 10 percent were cared for in the home of someone who was not a relative. Only three percent of the children were cared for in a group care center.

Of the children under six, 47 percent were cared for in their own home, 37 percent were cared for in someone else's home and 8 percent received care in group care centers, with the remainder in other arrangements. Of the school-age children, 50 percent received before-and-after-school care in their own home, 12 percent were cared for in someone else's home, 14 percent looked after themselves, and 16 percent required no child care arrangements because their mothers worked only during school hours.

Why do mothers select one kind of child care arrangement rather than another? In a paper entitled "Realistic Planning for the Day Care Consumer," Arthur C. Emlen suggests that number of children and location are factors as important in determining the type of child care arrangement as is a mother's preference in type of care.

The importance of the number of children in influencing a mother's choice of child care arrangement is shown in the Children's Bureau-Women's Bureau 1965 study; the proportion of children being cared for in their own home was 36 percent when there was only one child under 14 in the family, 46 percent when there were two or three, and 53 percent when there were four or more children. A study by Florence Ruderman, *Child Care and Working Mothers*, showed that one-third of child care center users and 70 percent of family day care users were within five minutes of the child care services.

Cost of child care represents the third major factor in determining a mother's choice of arrangement. About three-quarters of the children of mothers working full time are cared for at no expense to the mother.

CHART 3

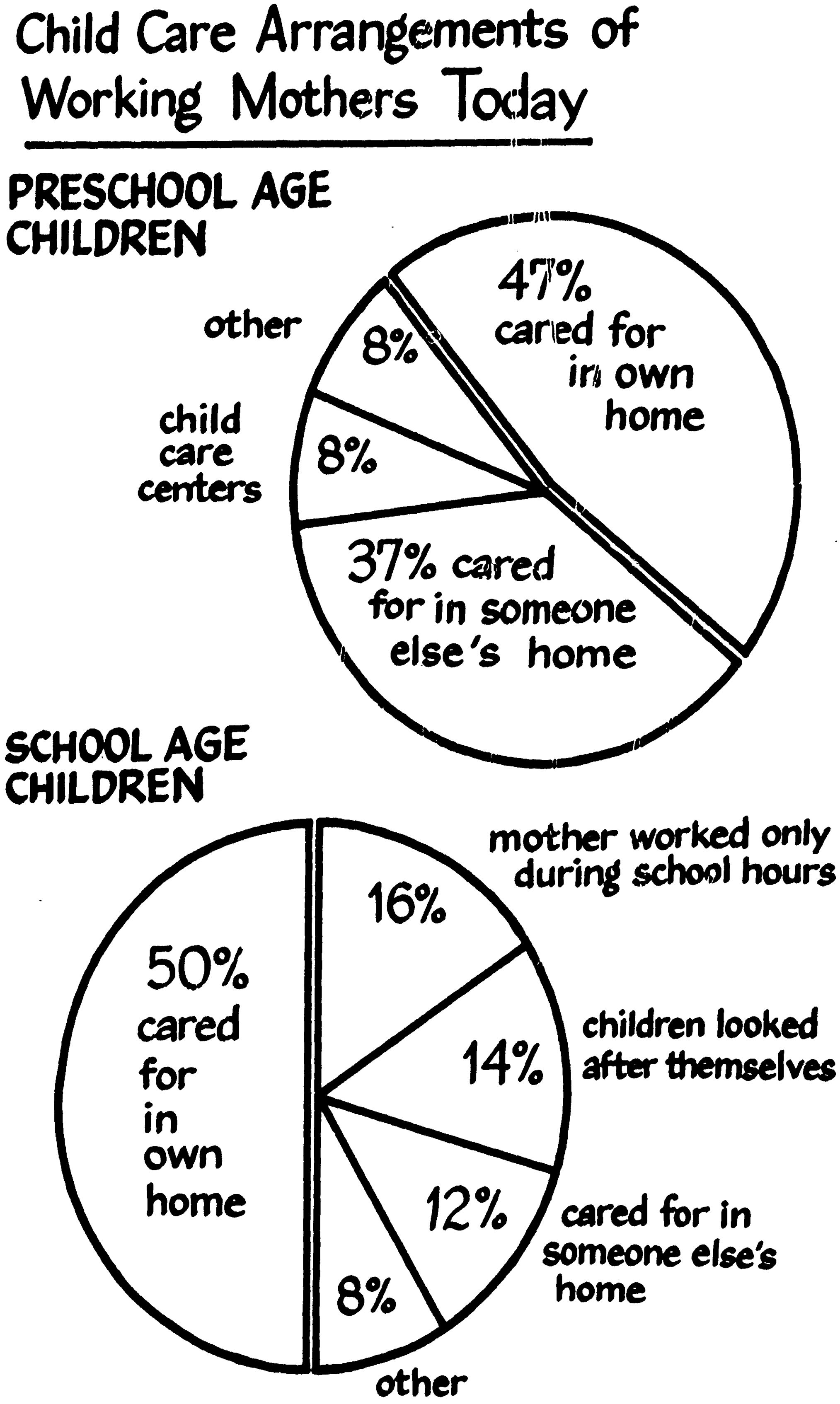

Child Care Arrangements of Working Mothers Today
PRESCHOOL AGE CHILDREN
other
8%
47% cared for in own home
child care centers
8%
37% cared for in someone else's home
SCHOOL AGE CHILDREN
50% cared for in own home
16%
mother worked only during school hours
14%
children looked after themselves
12%
cared for in someone else's home
8%
other

Chart 4.—Child Care Centers

According to statistics of the Department of Health, Education, and Welfare, a total of 13,600 child care centers with a capacity of 517,900 children were licensed in 1969, compared with 10,400 centers with a capacity for 393,300 children two years earlier. About 19 percent of this capacity was in California, the only State with a substantially State supported child care program today. In a recent study the Westinghouse Learning Corporation estimated that 90 percent of the child care centers in operation in the United States were licensed.

Based on their survey, the Westinghouse Learning Corporation estimated that 58 percent of the Nation's child care centers are proprietary; the rest are operated principally by churches (18 percent) or community agencies (19 percent), including Community Action Agencies operating Head Start programs. The most common facilities were in homes (39 percent), with churches and buildings especially for child care each representing 22 percent of the total.

Proprietary day care centers were most often used by families with relatively higher income (almost three quarters of the users had family income above $6,000), while non-proprietary facilities were most often used by families with lower income (more than three-quarters of the users had family income below $6,000). Somewhat more than half of the day care centers surveyed also provided before-and-after-school care to school-age children.

A study recently issued by the Women's Bureau surveyed the extent to which employers and employee unions have established child care centers for working mothers. To date, only a small number of companies and two unions are involved directly and a few others indirectly.

The Women's Bureau survey describes child care centers operated by five textile product manufacturing companies, two food processing companies, and three other companies. The work forces of most of these companies are predominantly female. All of the child care facilities are within, adjacent to, or adjoining the plant facilities of the company.

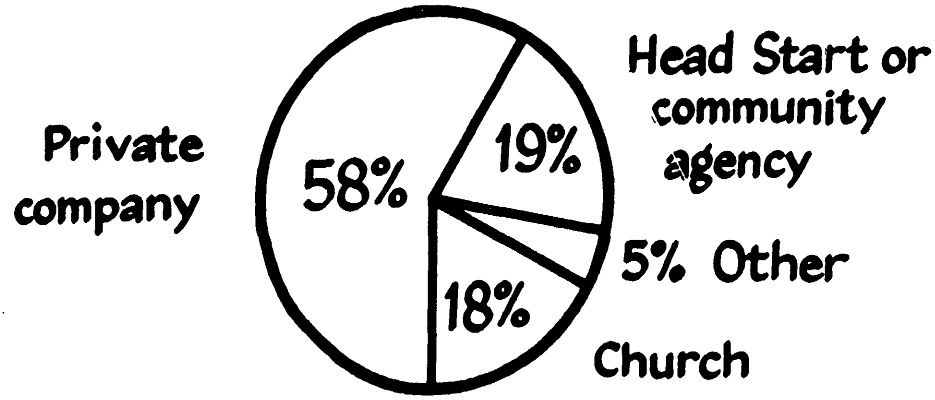
Another Women's Bureau study reported that 98 hospitals in 35 States were operating child care facilities for use by their personnel. Child care centers have also been established under the auspices of the Amalgamated Clothing Workers of America (in the Baltimore and Chicago regions) and the United Federation of Teachers in New York City.

Nearly all the centers referred to subsidize at least a portion of the cost of child care.

CHART 4

Child Care Centers

- In 1969, there were 13,600 licensed centers with a capacity for 517,900 children (19% of this capacity in California); it is estimated that 90% of the operating centers in the U. S. are licensed
- Operators of centers:



- Proprietary centers are most often used by families with income above $6,000, while non-proprietary centers are most often used by families with income below $6,000
- A small number of centers are industry-related; 98 hospitals operate centers for their employees

Chart 5.—Federal Support for Child Care Under the Social Security Act

Most Federal support for the cost of child care provided children of working mothers comes from programs authorized under the Social Security Act; most of the child care funds spent under that Act are related to the care of children whose mothers work. About $170 million in Federal funds was used for child care services under the Social Security Act in fiscal year 1970. The average number of children receiving child care under programs authorized by the Social Security Act was estimated at 454,000 in fiscal year 1970.

Under the Aid to Families with Dependent Children program (title IV, Part A of the Social Security Act), Federal funds are available to pay part of the cost of child care in three ways:

(1) 75% Federal matching is available to the States under an earmarked appropriation for child care services to mothers participating in the Work Incentive Program;

(2) 75% Federal matching is available to the States for child care services provided employed mothers not participating in the Work Incentive Program. Low-income mothers not on welfare but likely to become dependent may at the State's option also receive Federally-matched subsidization of child care costs under this provision; and

(3) Child care costs may be considered a necessary work expense in determining income for welfare purposes, in effect reimbursing a mother through the welfare payment for the cost of child care.

Under the child welfare services program (Title IV, Part B of the Social Security Act), grants are made to State public welfare agencies for child welfare services; child care services may be included.

In fiscal year 1970, an average of 112,000 children of mothers either receiving welfare or likely to become dependent on welfare were provided child care under direct payment by the State welfare agency, with Federal matching estimated at $96 million.

Since child care costs may be subtracted from income in determining the amount of welfare a family is entitled to, all States provide partial subsidization of child care costs to families whose income would make them ineligible for welfare were the child care costs not subtracted. For example, in a State with a needs-standard of $300 for a family of four, a mother with countable income of $310 may deduct $60 in monthly child care expenses and receive a $50 monthly welfare check—in effect a partial subsidy of the cost of the care.

In fiscal year 1970, an average of 265,000 children had their day care paid for by their mothers with the cost deducted as a work expense; the Federal cost was an estimated $50 million.

The Department of Health, Education, and Welfare estimates that about $21 million was spent in fiscal year 1970 for child care provided under the child welfare services grant program; Federal funds represented about 15 percent of this amount. An average of about 20,000 children receive child care under the child welfare services program; though priority is given to low-income mothers, they need not be welfare recipients in order to qualify.

The child care under the Work Incentive Program is discussed in the next chart.

CHART 5

Federal Support for Child Care Under the Social Security Act

	Fiscal Year 1970	
	Average no. of children	Federal funds
• 75% Federal matching for child care services to mothers participating in WIN	57,000	$18 mil.
• 75% Federal matching for child care services to other welfare mothers and low-income working mothers not on welfare	112,000	$96 mil.
• Employed welfare mothers may be reimbursed in their welfare payments for child care costs as a work expense	265,000	$50 mil.
• Federal grants for child welfare services may be used for child care	20,000	$21 mil.
	454,000	$185 mil.

Chart 6.—Lack of Child Care Has Contributed to the Failure of the Work Incentive Program

The Social Security Act requires that child care services be furnished for any mother referred to and enrolled in the Work Incentive Program. In December 1970 child care services were provided to a total of 126,000 children whose mothers were enrolled in the WIN program. In that month more than 7 million children were receiving Aid to Families with Dependent Children.

The types of child care arrangements made under the WIN program are thus similar to those made by working mothers generally. This is not surprising, since according to the report of the Auerbach Corporation on the Work Incentive Program, it is the mothers themselves who arrange for the child care:

> In the cities selected for the child care studies, slightly over two hundred mothers were interviewed to determine their need for child care, what they were told about child care, and how it was obtained. Our results show that not only did the overwhelming majority (eighty-eight percent) arrange their own plans, independent of welfare, but that most (eighty percent) were informed by their caseworkers that it was their responsibility to do so. Even more discouraging is the fact that the majority of mothers (eighty-three percent) who were informed about child care by their caseworker were left with the impression that they could make use of any service they wanted; approved services were not required.

The attitude at the local level also seems to have been a factor in the inability of the Department of Health, Education, and Welfare to use funds appropriated for WIN child care. Of $25 million appropriated for fiscal year 1969, only $4 million was used; of $52 million appropriated for fiscal year 1970, only $18 million was used; of $38 million appropriated for fiscal year 1971 only $26 million was used.

CHART 6

Lack of Child Care Has Contributed to the Failure of the WIN Program

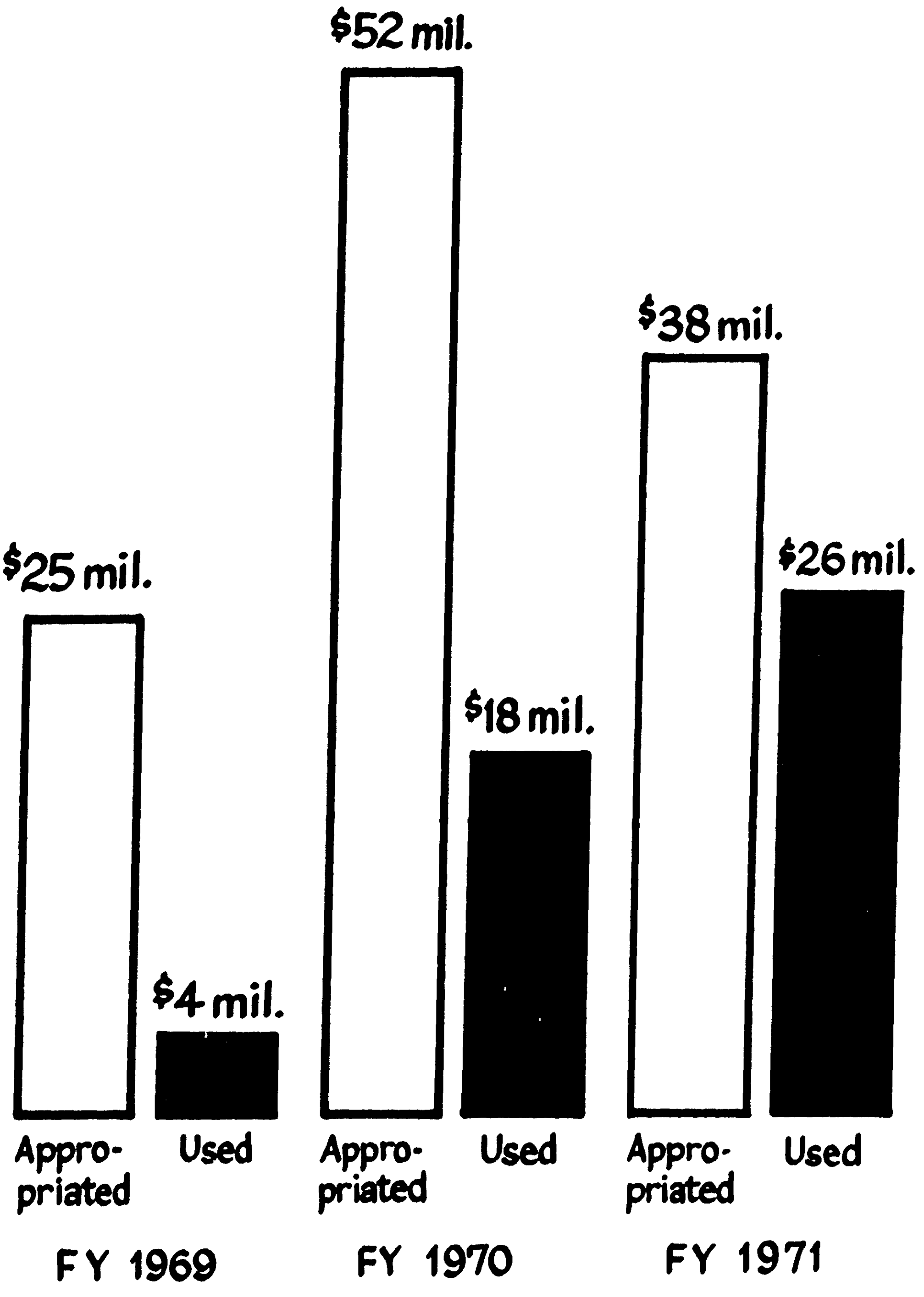


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Chart 7.—Barriers to Expansion of Child Care Cited by Department of Health, Education, and Welfare

In its first report to the Congress on services under the Work Incentive Program, the Department of Health, Education, and Welfare cited the following barriers to the expansion of child care services for working mothers under the Social Security Act:

Lack of State and local funds.—The Social Security Act requires a 25 percent non-Federal share for child care costs. The Department of Health, Education, and Welfare has cited this as an obstacle to expansion of child care services under the Act.

Inadequate levels of public welfare agency payments.—Some States limit what they will pay for child care services for welfare mothers to amounts so low as to be able to purchase only very inexpensive care in family day care homes or care provided by relatives. Often, such arrangements prove to be unstable, requiring a mother to miss work or even leading to loss of her job.

Shortage of staff in public welfare agencies.—Statistics prepared by the Department of Health, Education, and Welfare show that in 1969 there were only about 1,000 full-time and part-time professional employees in the day care programs of State and local public welfare agencies.

Shortage of trained child care personnel.—The Auerbach report on child care under the Work Incentive Program concluded that lack of trained staff represented the greatest single barrier to the expansion of child care: "Any significant increase in child care facilities will readily show up the lack of trained staff. Directors and head teachers are so scarce that problems of financing and licensing would seem small next to lack of staff. . . ."

Federal child care standards.—On September 23, 1968, the Department of Health, Education, and Welfare published the "Federal Interagency Day Care Requirements" which day care programs were required to meet in order to receive Federal matching under the Social Security Act (and other Federal programs). In its report on child care under the Work Incentive Program, the Department comments that "some agencies believe the Federal Interagency Day Care Standards are unrealistic." In particular, the Federal standards for day care centers require one adult for every 5 children 3 to 4 years old, and one adult for every 7 children 4 to 6 years old. Since staffing costs represent 75 to 80 percent of child care center costs, and since more staff is required under the Federal standards than under the licensing requirements of almost all States, federally shared child care costs may be expected to become rather higher than present costs in the States. Draft revised standards have been circulated for comment.

State licensing requirements: health and safety.—The Department of Health, Education, and Welfare comments in its report on WIN child care that "local building codes and fire and welfare ordinances often make development of day care centers difficult, especially in inner city areas where many AFDC mothers live." The Auerbach report similarly states that "the greatest stated problem [concerning physical facilities] is in meeting the various local ordinances which, according to some staffs, are prohibitive. Some examples are: windows no more than "x" feet from the floor, sanitation facilities for children, appropriately scaled, sprinkler systems, fireproof construction, etc."

CHART 7

Barriers to Expansion of Child Care

- Lack of State and local funds
- Limits on amounts welfare agencies will pay for child care
- Shortage of welfare agency staff
- Shortage of trained child care personnel
- Federal child care standards
- State licensing requirements

Chart 8.—Cost of Child Care

Personnel costs generally represent about 75 percent to 80 percent of the total cost of providing child care. It is for this reason that the major difference in the cost of different child care programs is most likely to be a reflection of the number of children per staff member.

Various projections showing the cost of full-day child care for a preschool age child exceeding $2,000 annually have been based on an assumption that there will be no more than five children per staff member; this is the ratio applicable under the Federal Standards required by the Department of Health, Education, and Welfare for three to four year olds. State standards today typically set a maximum of 10 to 15 preschool age children per staff member.

Very few working mothers actually pay $2,000 for child care. About three-quarters of the children whose mothers work full time receive free care—usually in their own home by a member of their family or a relative. It appears that well under 10 percent of the children whose mothers work receive child care costing the mother more than $50 per month. However, the actual cost of providing care might be higher than the amount the mother pays, with a mother receiving some form of subsidy covering the portion of cost of care not borne by her. Subsidized full-day programs emphasizing early childhood education, such as some of the Headstart projects, cost about $1,600 annually.

CHART 8

Cost of Child Care

- Personnel costs represent 75-80% of child care center costs
- Projected costs of $2,000-plus per child assume about 5 children per staff member
- Working mothers actually pay far less than this for child care; about 3/4 of all children whose mothers work full time receive free care; less than 10% of the children receive care costing the mother more than $50 a month
- Subsidized early childhood education programs cost about $1,600 per child annually

Chart 9.—Provisions of S. 2003, Child Care Services Act of 1971

Increase in the Tax Deduction for Child Care.—Under present law, a woman taxpayer is eligible for a tax deduction for child care expenses if the child care is necessary in order for her to work. The deduction is limited to $600 if the woman has one child and to $900 if she has two or more children. If a woman is married and if the family income exceeds $6,000, the limitation on the deduction is reduced $1 for each dollar family income exceeds $6,000. S. 2003 would increase the limit on the deduction from $600 to $1,000 in the case of one child, and from $900 to $1,500 if there is more than one child. The limitation on family income would be increased from $6,000 to $10,000, with the deduction reduced 50 cents (rather than one dollar).

Increase in Federal Matching for Child Care Services.—Under present law, the Federal Government pays 75 percent of the cost of child care provided the children of working mothers receive public assistance. S. 2003 would increase the requirement that States put up 25 percent of the cost has been cited as a major obstacle in the utilization of the provisions in the Social Security Act to expand child care. Senator Long's bill would remove this obstacle by increasing the Federal share from 75 percent to 100 percent if the welfare agency utilizes the services of the Federal Child Care Corporation established under the bill.

Subsidizing Child Care for Women in Low income Families.—Under Social Security Act today, a State may pay part or all of the cost of child services, with 75% Federal matching, for low income working women who are likely to become dependent on welfare if they do not receive child care services. Unfortunately, few States have provided child care to such mothers. The Child Care Services Act would authorize appropriations for 100% of the cost of subsidizing a portion of child care costs for children in low income families not receiving welfare where such services are necessary to enable the mother to work. The percentage of costs subsidized in each individual case would depend on the funds appropriated, with the Secretary of Health, Education, and Welfare authorized to set up a schedule of subsidy percentages based on family income and the funds available.

Establishment of Federal Child Care Corporation.—The major portion of the Child Care Services Act of 1971 would establish a new Federal Child Care Corporation whose basic goal would be to arrange for making child care services available throughout the nation to the extent they are needed. The operations of the corporation are described more fully in the next chart.

CHART 9

Provisions of S. 2003, Child Care Services Act of 1971

Tax deduction for child care

- Increases limit on tax deduction for child care costs from $600 to $1,000 for one child, $900 to $1,500 for two or more children
- Increases limit on income of families that may take the deduction from $6,000 to $12,000

Child care for low-income working mothers

- Increases from 75% to 100% Federal share of child care costs for welfare recipients
- Establishes program of partial subsidy of child care costs for low-income working mothers not on welfare

Expanding availability of child care

- Creates Federal Child Care Corporation with goal of broad expansion of availability of child care for preschool and school-age children

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Chart 10.—Federal Child Care Corporation

The Federal Child Care Corporation created by S. 2003 would have as its top priority providing services to present, past, and potential welfare recipients who need child care in order to undertake or continue employment or training, and arranging for care in facilities providing hours of child care sufficient to meet the child care needs of children whose mothers are employed full time.

To provide the Corporation with initial working capital, the Secretary of the Treasury would be required to lend it one-half billion dollars, to be placed in a revolving fund. With these funds, the Corporation would begin arranging for day care services. Initially, it would contract with existing public, nonprofit private, or proprietary facilities providing child care services, but it could also provide child care services directly in its own facilities. In addition, it would provide technical assistance and advice to groups and organizations interested in setting up day care facilities under contractual relationship with the Corporation.

Under the bill, the Corporation would charge fees for all child care services provided or arranged for; these fees would go into the revolving fund to provide capital for further expansion of child care services and to repay the Treasury loan. The fees would be set at a reasonable level so that parents desiring to purchase child care can afford them; but the fees would have to be high enough to fully cover the Corporation's costs in arranging for the care. Fees would represent the major source of income to the Corporation.

If after its first two years the Corporation needed additional funds for capital investment in new child care facilities or the remodeling of old ones, it would be authorized to issue bonds backed by its future fee collections. Up to $50 million in bonds could be issued each year, with an overall limit of $250 million on bonds outstanding.

The bill would set Federal standards requiring child care facilities to have adequate space, adequate staffing and adequate health requirements. Parents would have to be provided an opportunity to meet and consult with the staff concerning their child's development, and an opportunity to observe their child while he is receiving care. To assure the physical safety of children, the bill would require facilities to meet the Life Safety Code of the National Fire Protection Association. One of the major administrative tasks of the Association would be the annual monitoring of child care facilities to insure that they meet the Federal Standards. The Federal Standards would be the only ones applicable to child care arranged for through the Corporation.

CHART 10

Federal Child Care Corporation

- Goal to arrange for making child care available, with first priority to:
  - past, present, and potential welfare recipients needing child care to work or take employment training, and
  - other mothers working full time
- Corporation contracts with existing facilities, provides assistance to groups interested in establishing facilities, provides child care directly only if others are unable to
- 3 sources of funds for Corporation:
  - $500 mil. Treasury loan for working capital
  - Fees (major funding source for Corporation; must cover full costs)
  - Revenue bonds for capital costs
- Federal standards specified, only ones applicable to child care arranged for through Corporation; annual monitoring required
- Corporation is a mechanism for expanding the availability of child care, is not a source of subsidization of child care costs

Chart 11.—Child Care Provisions of H.R. 1

It is expected that most child care provided under H.R. 1 would be for mothers in the Opportunities For Families (OFF) Program. The House Report on the bill states (page 166) that "the work requirement and manpower services program will succeed or fail, depending on whether sufficient child care opportunities can be created." H.R. 1 centers the responsibility for providing child care services to mothers in work or training on the Secretary of Labor; the House Report states its intention that whenever possible he would use facilities developed by the Department of Health, Education and Welfare, However, when such facilities are not available, it would be the responsibility of the Secretary of Labor to secure child care through other sources.

The Secretary of Health, Education and Welfare would have the primary responsibility for child care planning, technical assistance, facility construction and renovation grants, initial operating grants for child care facilities, setting child care standards (with the concurrence of the Department of Labor) and maintaining quality control, and providing child care to vocational rehabilitation participants.

The Federal government could pay up to 100 percent of child care costs for welfare recipients. $700 million would be authorized for fiscal year 1973, an amount estimated to provide child care for 875,000 children. In addition, $50 million would be authorized annually for alteration, remodeling and construction grants to create new child care facilities.

Both the Secretary of Health, Education, and Welfare and the Secretary of Labor could charge parents fees, related to family income, to pay for part or all of the cost of care.

As under current law, child care costs could be considered a necessary work expense and thus deducted from income for welfare benefit purposes, in effect reimbursing a mother through the welfare payment for the cost of child care.

The House Report anticipates that the $700 million authorized for child care costs would be used primarily to pay for child care when the mother is training, while the earnings disregard provision would be used when the mother is working. In other words, once a mother has a job she would be required to pay for her child care out of her earnings, if her earnings are substantial enough, and then get credit for the expenditures by deducting the cost from the earnings which would otherwise be used to reduce welfare benefits.

H.R. 1 also contains a provision increasing the limit on the child care tax deduction from $600 to $750 for one child, $900 to $1,125 for two children, and $900 to $1,500 for three or more children. The limit on income of families that may take the deduction would be increased from $6,000 to $12,000.

CHART 11

Child Care Provisions of H. R. 1

- Secretary of Labor responsible for providing child care for mothers in work and training under the OFF program; he is to obtain them in facilities developed by HEW where available
- Secretary of HEW responsible for child care planning, technical assistance, facilities construction and operation grants, standard setting, and provision of child care to vocational rehabilitation participants
- 100% Federal funds for child care costs; $700 million authorized for first year (provides for 875,000 children), intended primarily for mothers in training
- $50 million authorized annually for construction and renovation grants
- Family may be required to pay part or all of cost of child care provided, depending on ability to pay
- Working mothers expected to arrange their own child care; expenses may be deducted from income in determining amount of welfare payment
- Limit on child care tax deduction increased from $600 to $750 for 1 child, from $900 to $1,125 for 2 children, and from $900 to $1,500 for 3 or more children; limit on income of families that may take the deduction increased from $6,000 to $12,000

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TABLES

TABLE 1.—LABOR FORCE PARTICIPATION RATES OF MOTHERS, SELECTED YEARS

[In percent]

	All mothers	Mothers with children under 6 years	Mothers with children 6 to 17 years only
Percentage of mothers participating in the labor force:			
1950	22	14	33
1960	30	20	43
1964	34	25	46
1967	38	29	49
1970	42	32	52

Source: Department of Labor, Women's Bureau Bulletin 296, 1971, pp. 2-3.

TABLE 2.—FAMILIES RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN, BY AGE GROUP OF YOUNGEST CHILD IN FAMILY

	December 1967		Number of families in December 1970 (projecting same percentages)
	Number of families	Percent of families	
Youngest child under age 6	768,000	60	1,531,000
Youngest child between ages 6 and 12	354,000	28	715,000
Youngest child above age 12	156,000	12	306,000
Total, all families	1,278,000	100	2,552,000

Source: Based on Department of Health, Education, and Welfare, Social and Rehabilitation Service, "Findings of the 1967 AFDC Study", NCSS Report AFDC-3 (67), pt. I, table 55, and "Advance Copy of Selected Tables from Public Assistance Statistics," December 1970.

TABLE 3.—CHILDREN RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN, BY AGE GROUP

	December 1967		Number of children in December 1970 (projecting same percentages)
	Number of children	Percent of total	
Below age 6	1,389,000	33	2,321,000
Ages 6 to 12	1,726,000	41	2,883,000
Above age 12	1,066,000	26	1,828,000
Total	4,180,000	100	7,032,000

Source: Based on Department of Health, Education, and Welfare, Social and Rehabilitation Service, "Findings of the 1967 AFDC Study," NCSS Report AFDC-3 (67), pt. I, table 53, and "Advance Copy of Selected Tables From Public Assistance Statistics," December 1970.

TABLE 4.—CHILD CARE ARRANGEMENTS FOR CHILDREN OF MOTHERS WORKING FULL TIME, 1965

	Total		Children under 6		Children 6 to 13	
	Number	Percent	Number	Percent	Number	Percent
1. Total Number of Children	8,315,000	100.0	2,561,000	100.0	5,753,000	100.0
2. Cared for in own home by—						
(a) Father	1,145,000	13.8	264,000	10.3	881,000	15.3
(b) Other relative	2,013,000	24.2	472,000	18.4	1,520,000	26.4
(Under 16 years old)	(397,000)	(4.7)	(25,000)	(1.0)	(372,000)	(6.5)
(16 years and over)	(1,615,000)	(19.5)	(446,000)	(17.4)	(1,149,000)	(20.0)
(c) Nonrelative who only looked after children	429,000	5.2	238,000	9.3	188,000	3.3
(d) Nonrelative who usually did additional household chores	513,000	6.2	236,000	9.2	281,000	4.9
(e) Subtotal, children cared for in own home	4,099,000	49.3	1,209,000	47.2	2,871,000	49.9

3. Cared for in someone else's home by—						
(a) Relative	801,000	9.6	452,000	17.6	354,000	6.2
(b) Nonrelative	836,000	10.1	502,000	19.6	341,000	5.9
(c) Subtotal, children cared for in someone else's home	1,637,000	19.7	954,000	37.3	695,000	12.1
4. Other arrangements:						
(a) Care in group care center	239,000	2.9	197,000	7.7	41,000	.7
(b) Child looked after self	800,000	9.6	7,000	.3	794,000	13.8
(c) Mother looked after child while working	575,000	6.9	171,000	6.7	407,000	7.1
(d) Mother worked only during child's school hours	917,000	11.0	12,000	.5	906,000	15.7
(e) Other	50,000	.6	10,000	.4	40,000	.7

Source: Seth Low and Pearl G. Spindler, "Child Care Arrangements of Working Mothers in the United States," Children's Bureau Publication 461-1968, tables A-2 and A-3, page 71.

TABLE 5.—NUMBER AND CAPACITY OF LICENSED OR APPROVED DAY CARE CENTERS AND FAMILY DAY CARE HOMES, BY STATE, MARCH 1969

	Day care centers		Family day care homes		
	Number	Capacity	Number	Capacity	Total capacity
Alabama	240	9,700	280	1,400	11,100
Alaska	14	430	60	160	590
Arizona	340	15,600	320	710	16,300
Arkansas	98	3,600	220	930	4,500
California	2,200	97,000	10,000	38,500	135,500
Colorado [1]	320	10,000	820	2,900	12,900
Connecticut	370	9,700	610	1,700	11,400
Delaware	59	2,400	120	230	2,600
District of Columbia	150	6,000	260	650	6,600
Florida	360	21,300	160	730	22,000
Georgia	680	27,400	110	650	28,000
Hawaii	150	7,600	120	530	8,100
Idaho	18	560	100	270	830
Illinois	410	17,000	1,900	6,100	23,100
Indiana	59	2,400	900	4,000	6,400
Iowa	98	3,200	620	2,300	5,500
Kansas	130	2,800	900	3,500	6,300
Kentucky	300	7,500	15	90	7,600
Louisiana	220	6,700	290	1,200	7,900
Maine	21	990	35	200	1,200

Maryland	760	29,600	810	2,900	32,500
Massachusetts	120	3,900	...	...	3,900
Michigan	360	18,400	1,900	5,700	24,100
Minnesota	61	1,900	1,900	5,700	7,600
Mississippi	7	200	4	17	220
Missouri	270	10,400	210	1,000	11,400
Montana	24	790	140	540	1,330
Nebraska	36	990	110	620	1,610
Nevada	44	2,000	220	870	2,900
New Hampshire	130	3,900	260	920	4,800
New Jersey	490	15,300	130	300	15,600
New Mexico	26	670	[2] 37	[2] 92	[2] 760
New York	440	19,900	1,300	4,200	24,100
North Carolina	330	12,200	34	180	12,400
North Dakota	9	200	19	51	250
Ohio	95	3,500	63	200	3,700
Oklahoma [1]	400	9,300	180	640	9,900
Oregon	150	4,500	6	31	4,500
Pennsylvania	220	7,200	920	3,400	10,600
Puerto Rico	160	5,600	110	600	6,200
Rhode Island	22	1,100	70	240	1,300
South Carolina	190	7,600	150	1,800	9,400
South Dakota	2	65	26	75	140
Tennessee	680	24,400	150	1,000	25,400
Texas	1,600	56,700	1,200	5,800	62,500

See footnotes at end of table.

TABLE 5.—NUMBER AND CAPACITY OF LICENSED OR APPROVED DAY CARE CENTERS AND FAMILY DAY CARE HOMES, BY STATE, MARCH 1969—Continued

	Day care centers		Family day care homes		
	Number	Capacity	Number	Capacity	Total capacity
Utah	65	2,600	270	840	3,400
Vermont	29	690	29	250	940
Virgin Islands	12	290	1	6	300
Virginia	240	11,300	550	2,000	13,300
Washington	130	5,400	4,000	13,500	18,900
West Virginia	33	760	30	89	850
Wisconsin	150	3,900	...	...	3,900
Wyoming	34	760	71	100	860
Total	13,600	517,900	32,700	120,400	638,300

[1] 1968 data.
[2] Incomplete.

Source: Department of Health, Education, and Welfare, Social and Rehabilitation Service, NCSS Report CW-1 (69), *Child Welfare Statistics, 1969*, table 18, p. 28.

TABLE 6.—ESTIMATED PERCENTAGE DISTRIBUTION OF DAY CARE CENTERS[1] BY OPERATING AGENCY

	Percent of total
United fund and community agencies	8.4
Community action agency	11.2
Church	17.6
Welfare department	2.9
Private companies	57.9
Other	2.0
Total	100.0

[1] With full-day enrollment of 7 or more children.

Source: Westinghouse Learning Corporation, *Day Care Survey 1970: Summary Report and Basic Analysis*, Table 2.12, page 40.

TABLE 7.—ESTIMATED PERCENTAGE DISTRIBUTION OF PARENTS WITH CHILDREN IN DAY CARE CENTERS[1] BY ANNUAL FAMILY INCOME

Annual family income	Percent in— Proprietary facilities	Nonproprietary facilities	All facilities
Less than $2,000	1.8	16.3	7.8
$2,000 to $3,999	7.7	36.9	19.7
$4,000 to $5,999	18.5	25.0	21.2
$6,000 to $7,999	22.7	11.2	17.9
$8,000 to $9,999	25.2	5.3	17.0
$10,000 or more	24.1	5.3	16.4

[1] With full-day enrollment of 7 or more children.

Source: Westinghouse Learning Corporation, *Day Care Survey 1970: Summary Report and Basic Analysis*, Table 2.57, page 82.

TABLE 8.—CHILD CARE ARRANGEMENTS REPORTED UNDER THE WORK INCENTIVE PROGRAM, BY TYPE OF ARRANGEMENT

	Last day of—				
	December 1969 [1]	March 1970 [2]	June 1970 [3]	September 1970 [4]	December 1970 [5]
Care provided in child's own home:					
Children under 6 years old	11,400	16,600	22,400	26,900	26,500
Children 6 to 14 years old	15,800	20,400	26,100	31,000	31,900
Subtotal	27,100	37,000	48,600	58,000	58,500
Care provided in relative's home:					
Children under 6 years old	2,800	3,800	5,200	6,500	7,000
Children 6 to 14 years old	2,700	3,800	4,900	5,700	5,700
Subtotal	5,500	7,600	10,100	12,200	12,700
Care provided in day care facility:					
Children under 6 years old	6,400	9,400	11,800	15,900	17,700
Children 6 to 14 years old	4,000	5,900	8,400	9,600	10,100
Subtotal	10,400	15,200	20,200	25,600	27,900

Other arrangements:					
Children under 6 years old	1,300	1,800	3,700	4,600	5,900
Children 6 to 14 years old	8,800	12,600	14,000	18,700	21,000
Subtotal	10,200	14,300	17,700	23,300	26,900
Total, all arrangements:					
Children under 6 years old	21,900	31,400	43,200	54,000	57,100
Children 6 to 14 years old	31,300	42,700	53,400	65,000	68,900
Total	53,200	74,100	96,600	119,000	126,000

[1] 36 States reporting, representing 52 percent of the families receiving AFDC in December 1969.

[2] 40 States reporting, representing 68 percent of the families receiving AFDC in March 1970.

[3] 42 States reporting, representing 70 percent of the families receiving AFDC in June 1970.

[4] 48 States reporting, representing 93 percent of the families receiving AFDC in September 1970.

[5] 47 States reporting, representing 93 percent of the families receiving AFDC in December 1970.

Note: Totals may not add due to rounding.

Source: Department of Health, Education, and Welfare, Social and Rehabilitation Service.

TABLE 9.—FEDERAL INCOME TAX DEDUCTION FOR CHILD CARE EXPENSES: NUMBER OF TAX RETURNS AND AMOUNT DEDUCTED, 1966

Adjusted gross income classes	Number of returns	Total amount deducted	Average Amount deducted
Under $5,000	99,451	$48,145,000	$484
$5,000 to $9,999	135,767	72,641,000	535
$10,000 to $14,999	14,453	7,452,000	516
$15,000 or more	4,752	2,693,000	567
Total	245,423	130,931,000	515

Source: U.S. Treasury Department, Internal Revenue Service, *Statistics of Income 1966: Individual Income Tax Returns*, table 2.8, p. 51.

TABLE 10.—ESTIMATED PERCENTAGE DISTRIBUTION OF FULL-DAY CHILD CARE ARRANGEMENTS BY ANNUAL COST TO MOTHER,[1] 1970

[In percent]

Type of arrangement	Total	Under $100 annually	$100 to $200 annually	$200 to $350 annually	$350 to $650 annually	More than $650 annually
Child in school	100.0	100.0				
Mother watches at work	100.0	100.0				
Child cares for self	100.0	100.0				
In-home care	100.0	82.1	2.2	5.6	9.1	1.0
Out-of-home care	100.0	14.7	8.2	22.6	35.2	19.3
Total	100.0	69.5	3.1	8.3	13.2	6.0

[1] Includes mothers with at least 1 child under 10 years old and with family income of less than $8,000.

Source: Based on Westinghouse Learning Corp., *Day Care Survey 1970: Summary Report and Basic Analysis*, table 4.36, p. 190.

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DESCRIPTION OF S. 2003, CHILD CARE SERVICES ACT OF 1971, INTRODUCED BY SENATOR RUSSELL B. LONG

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DESCRIPTION OF S. 2003, CHILD CARE SERVICES ACT OF 1971, INTRODUCED BY SENATOR RUSSELL B. LONG

Increase in Child Care Tax Deduction

Under present law, a woman taxpayer is eligible for a tax deduction for child care expenses if the child care is necessary in order for her to work. The deduction is limited to $600 if the woman has one child and to $900 if she has two or more children. If a woman is married and if the family income exceeds $6,000, the limitation on the deduction is reduced $1 for each dollar family income exceeds $6,000. Thus, for example, if family income is $6,500, the deduction may not exceed $100 if there is one child or $400 if there is more than one child.

S. 2003 would increase the limit on the deduction from $600 to $1,000 in the case of one child, and from $900 to $1,500 if there is more than one child.

The limitation on family income would be increased from $6,000 to $12,000, and another feature in today's law would be modified. Today, a family in which the mother requires child care in order to work is eligible for a $600 deduction if there is one child and if the family income is $6,000 or less. If the family income is increased $100 above $6,000, taxable income is increased not $100 but $200. This is because the family must both pay taxes on the $100 of additional earnings at the same time as their taxable income rises another $100 because their child care deduction is reduced $100. In effect, this family pays twice the marginal tax rate for income between $6000 and $6,600. S. 2003 would change this by reducing the deduction only 50 cents when family income rises $1 above the $12,000 limitation. In this way, only one dollar of additional income would be taxed when earnings rise one dollar.

Subsidizing Child Care for Women in Low Income Families

Under the Social Security Act today, a State may provide child care services to welfare recipients and to low income working women who are likely to become dependent on welfare if they do not receive child care services. However, few States have provided child care to mothers in this second category. S. 2003 would authorize appropriations for the subsidization of a portion of child care costs for children in low income families not receiving welfare where such services are necessary to enable the mother to work. The percentage of costs subsidized would depend on appropriations, with the Secretary of Health, Education, and Welfare authorized to set up a schedule of subsidy percentages based on family income and the funds available.

Increase in Federal Matching for Child Care Services

Under present law, child care for the children of working mothers who receive public assistance may be paid for in one of two ways: either the child care may be arranged by the welfare agency, which would pay for the care and receive 75 percent Federal matching, or in the alternative, a mother may arrange for child care herself and, in effect, be reimbursed by adding the cost of child care to her welfare payment as a work expense. According to the Auerbach Corporation, an organization that studied the Work Incentive Program, the second method has by far been the more common, leaving the mother the responsibility of attempting to find the child care services herself. This situation is reflected in the inability of the Department of Health, Education, and Welfare to use all the funds appropriated by the Congress for child care under the Work Incentive Program.

The requirement that States put up 25 percent of the cost has been cited as a major obstacle in the utilization of the provisions in the Social Security Act to expand child care. S. 2003 would increase the Federal share from 75 percent to 100 percent if the welfare agency refers the recipient to the Federal Child Care Corporation for child care services.

Establishment of Federal Child Care Corporation

The major portion of S. 2003 would establish a new Federal Child Care Corporation whose basic goal would be to arrange for making child care services available throughout the nation to the extent they are needed. The Corporation would have as its first priority goal providing services to present, past, and potential welfare recipients who need child care in order to undertake or continue employment or training; and arranging for care in facilities providing hours of child care sufficient to meet the child care needs of children whose mothers are employed full time.

To provide the Corporation with initial working capital, the Secretary of the Treasury would be required to lend the Corporation $500 million as working capital, to be placed in a revolving fund. With these funds the Corporation would begin arranging for day care services. Initially, the Corporation would contract with existing public, nonprofit private, or proprietary facilities providing child care services. The Corporation would also provide technical assistance and advice to groups and organizations interested in setting up day care facilities under contractual relationship with the Corporation. S. 2003 would in addition authorize the Corporation to provide child care services directly in its own facilities. It would be expected that services would be provided directly only where public or private agencies, individuals, or organizations are unable to develop adequate child care.

Financing Child Care Provided by the Corporation

The Corporation would have three sources of funds with which to operate:

1. A $500 million loan from the Treasury to initiate a revolving fund;

2. Revenue bonds which could be sold to finance construction of facilities, and

3. Fees paid for child care services.

Of the three, fees would represent by far the most important source of funds.

The Corporation would charge fees for all child care services provided or arranged for; these fees would go into the revolving fund to provide capital for further development of child care services. The fees would have to be set at a reasonable level so that parents desiring to purchase child care could afford them; but the fees would have to be high enough to fully cover the Corporation's costs in arranging for the care.

The Federal Child Care Corporation which would be created under S. 2003 would provide a mechanism for expanding the availability of child care services, but it would not itself provide funds for the subsidization of child care provided the children of low income working mothers. These funds would be authorized in the first part of the bill, which would provide 100 percent Federal funding for child care services to welfare recipients if the services were arranged through the Corporation, and which would authorize Federal appropriations to subsidize child care services for low-income working mothers not eligible for welfare. In addition, the increase in the tax deduction for child caie expenses would help many working mothers in meeting child care costs. It would be expected that the Corporation would derive a major source of its funding from fees charged for child care provided the children of mothers benefiting from one of these provisions.

If after the first two years the Corporation felt it needed funds for capital investment in the construction of new child care facilities or the remodeling of old ones, it would be authorized to issue bonds backed by its future fee collections. Up to $50 million in bonds could be issued each year beginning with the third year after the Corporation's establishment, with an overall limit of $250 million on bonds outstanding.

S. 2003 is designed so that the Corporation's operations and capital expenditures over the long run would not cost the taxpayers a penny. The Corporation would pay interest on the initial $500 million loan from the Treasury, interest which each year would match the average interest paid by the Treasury on its borrowings. The Corporation would further be required to amortize the loan over a 50-year period by paying back principal at the rate of $10 million annually. Finally, the Corporation's capital bonds would be sold directly to the public and would not be guaranteed by the Government but only by the future revenues of the Corporation.

The financing mechanism under S. 2003 has an important advantage: aside from the initial $500 million loan for working capital purposes, all of the Corporation's revenues would derive from fees for child care services. This means that the Corporation would have a powerful incentive to expand the availability of child care services, which is the aim of the bill.

Kinds of Child Care Offered

From the standpoint of parents, the Corporation would provide a convenient source of all kinds of child care services, at reasonable fees, for both preschool and school-age children. Like the Social Security Administration, the Corporation would maintain offices in all larger communities of the Nation, where parents desiring child care services would be able to obtain them through the Corporation either directly in Corporation facilities or in facilities under contract with the Corporation. In either case, the parents could be confident that the child care services were under the supervision of the Corporation and met the standards set forth in the bill.

S. 2003 would require the Corporation to make available a wide variety of child care services, some already well known and some unavailable in most places today.

Though the Corporation would make available a number of types of child care, the care would be subsidized by the Federal Government only of it were necessary to permit the mother to work or participate in a work training program.

Establishing New Child Care Facilities

The Corporation would depend for its success in expanding the availability of child care services on the efforts of public and private groups at the local level in establishing child care facilities. Today, local parent groups, churches, and other organizations must go through cumbersome administrative procedures to establish a child care facility; under S. 2003, they would merely need to contract with the Corporation for the provision of child care services. If the Corporation was assured that the group could fulfill its commitment, the group would be able to receive advance funding to begin operations. Moreover, certification by the Corporation would replace the present time consuming approvals required from various agencies at the local level.

If the Corporation was in particular need of child care facilities in an area and facilities existed but were of low quality, the Corporation could contract with the understanding that the facility will be im-improved. If the promised improvement did not take place, the Corporation would be expected to provide child care services directly in the future rather than to continue to contract for services of unacceptable quality.

Child care services organized by parents or run with extensive parent participation have shown great promise in raising the educational level of disadvantaged children in deprived areas. Often, however, such groups are curbed or stopped in their efforts to set up child care facilities by unnecessarily rigid licensing requirements, cumbersome procedures, or lack of initial operating expenses. For them, the Corporation would represent a source of both technical assistance and initial funding, making it possible for groups interested in promoting parent involvement to establish child care facilities through the Corporation where they are unable to do so today.

Training of Child Care Personnel

Authority already exists under section 426 of the Social Security Act for the training of personnel in the child care field. S. 2003 makes it clear that sufficient funding should be sought under this authority to greatly expand child care personnel. In addition, many mothers receiving Aid to Families with Dependent Children have both the inclination and the ability to provide child care for other children. In order to give a high priority in training additional child care personnel to welfare mothers and other women in low-income neighborhoods where the need for child care services is greatest, S. 2003 would direct the Secretary of Labor to utilize the Work Incentive Program to the maximum extent in providing training for welfare recipients to become proficient in child care.

In addition, the Corporation would be authorized to conduct (either directly or by contract) in-service training programs to prepare individuals in the child care field. These provisions would enable the Corporation to accomplish two aims at once—ending the dependency of some welfare recipients by providing opportunities in child care, and expanding child care services so that other mothers on welfare might have an opportunity for employment.

Construction of Child Care Facilities

Child care services can be greatly expanded through the utilization of existing facilities not now used during the week. Schools often are not used after school hours, churches and Sunday schools are frequently available during the week. Apartment houses, public housing units, office buildings and even factories can even serve as convenient child care locations, though they are seldom so used today. S. 2003 provides authority for the Corporation to issue revenue bonds for capital construction costs, but construction would be resorted to only when child care services might not otherwise be provided. With other provisions of the bill which would enable facilities arranged for through the Corporation to be safe while avoiding unnecessarily stringent local building codes, it should be possible to expand facilities with only sparing resort to the construction authority.

Child Care Standards

Many persons have argued that State and local licensing requirements are all too often overly rigid and restrictive—to the point where instead of protecting children, they relegate them to unsupervised and unlicensed care, if indeed any care, while their parents work.

S. 2003 includes standards requiring child care facilities to have adequate space, adequate staffing, and adequate health requirements. It avoids overly rigid requirements, in order to allow the Corporation the maximum amount of discretion in evaluating the suitability of an individual facility. The Corporation would have to assure the adequacy of each facility in the context of its location, the type of care provided by the facility, and the age group served by it.

To promote the active involvement of parents in their children's progress, S. 2003 sets as a Federal standard the requirement that every child care facility provide the parents with an opportunity to meet and consult with the staff concerning the child's development, and an opportunity to observe the child while he is receiving care.

To assure the physical safety of children, the bill would require that facilities meet the Life Safety Code of the National Fire Protection Association. This would provide protection for those many children today who are being cared for in unlicensed facilities, the safety of which is unknown.

One of the major administrative tasks of the Corporation would be the monitoring of child care facilities to ensure that they met the Federal standards. S. 2003 would require the Board to establish an Office of Program Evaluation and Auditing to fulfill this function. Experience under the Medicare and Medicaid programs has shown that some individuals will abuse Federal programs for personal gain. It would be the job of the Office of Program Evaluation and Auditing to do their utmost to prevent this from happening.

In last year's social security bill, the Finance Committee recommended and the Senate approved a provision penalizing fraud or misrepresentation concerning the conditions and operation of a health care facility in order to be certified for participation under the Medicare or Medicaid programs. The penalty was set at imprisonment for up to 6 months, or a fine of up to $2,000, or both. To discourage individuals from fraud or misrepresentation concerning a child care facility, a similar provision is included in S. 2003.

Any facility in which child care was provided by the Corporation, whether directly or under contract, would have to meet the Federal standards in the law, but it would not be subject to any licensing or other requirements imposed by States or localities. If any individual, group, State, or locality felt that the fire and safety standards were less protective of the welfare of children than those imposed by State and local ordinances, a hearing procedure would be provided.

Requiring facilities to meet only the Federal standards would make it possible for many groups and organizations to establish child care facilities under contract with the Corporation where they cannot now do so because of overly rigid State and local requirements. From the standpoint of the group or individual wishing to establish the facility, this provision would end an administrative nightmare. Today, it can take months to obtain a license for even a perfect child care facility, by the time clearance is obtained from agency after agency at the local level. Under the bill, persons and groups wishing to establish a child care facility would be able to obtain technical assistance from the Corporation; they would have to meet the Federal standards and they would have to be willing to accept children whose fees were partially or wholly paid from Federal funds, in order to contract with the Corporation.

Board of Directors and National Advisory Council

The Corporation would be headed by a Board of Directors consisting of three members, to be appointed by the President with the consent of the Senate. The members of the Board would hold office for a term of three years. A National Advisory Council on Child Care would be established to provide advice and recommendations to the Board on matters of general policy and with respect to improvements in the administration of the Corporation. The Council would be composed of the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, and 12 individuals (eight of them representative of consumers of child care), appointed by the Board.

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