

Child Care Resources

Child Care in King County: 1999

**King County, Washington
June 1999**

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STATE OF CHILD CARE IN KING COUNTY: 1999

Executive Summary

There are currently about 50,000 children in licensed care in King County. However, a conservative estimate of potential demand for licensed child care is 83,000 children. Altogether, the gap between supply and potential demand is at least 33,000 slots. Numerically, the greatest gap between supply and demand of care seems to be school age care. However, there are parts of King County in which infant care is very scarce. Beginning July, 1999, TANF recipients with children 3 months of age will need to look for work (previously exempted until children reached age one). This will put further strain on infant child care supply. Families with children with special needs and families seeking bilingual care also typically experience difficulty finding care that meets their needs.

Not all areas of the county are equally impacted by the gap between supply and demand. There are pockets of limited supply for different ages, hours and schedules of care throughout the county. One statistic of particular note is that although 39 percent of the county's children now live in South King County, that area has only 34 percent of the licensed child care slots.

Licensed child care has increased by three percent since 1996. However, all of the increase has been in child care centers. The number of family child care homes has actually decreased by seven percent since 1996. This loss of family child homes has decreased options for families.

Although the total number of slots has increased in King County since 1996, the actual number of children being served has decreased. This is because fewer child care programs now offer part-time care. The decrease in part-time care does not appear to reflect a decrease in demand. In fact, the number of requests for part-time care from parents calling Child Care Resources has increased in recent years. Almost half of all calls are now from parents looking for part-time child care.

Since 1994 there has also been an increase in the percentage of calls to Child Care Resources for evening and weekend care, particularly from low-income parents living in South King County and Seattle. Unfortunately, child care during non-standard hours is very scarce. Some parts of King County have no licensed facilities offering weekend or evening care.

The cost of child care presents a significant challenge to working families in King County. Child care in licensed centers now costs an average of \$750 a month for infants, \$620 a month for toddlers, and \$525 a month for preschoolers. Although these rates are not high enough to secure decent wages for child care workers, they are still beyond the means of many families.

It has been estimated by Washington Kids Count that the minimum “Working Family Budget” for a family of three is \$1839 per month. If that family consisted of a single parent with a toddler and a preschooler, the cost of child care would be over \$1,000 per month, almost 60 percent of that family’s budget!

Because child care is unaffordable for many working families, parents often try to piece together options that will minimize the use of child care. Some parents are able to juggle different shifts, arrange part-time relative care, or work at home. Others turn to unlicensed, illegal care that tends to be less expensive than licensed care. And too many families still leave children unattended or in the care of an older sibling.

Although child care is beyond the means of many working families, wages and benefits paid to child care workers are still very low. Salaries for child care workers have barely kept up with inflation in recent years and are substantially lower than wages in other professions. In 1998, the average hourly wage for a child care teacher was \$8.53 an hour.

The quality of child care is integrally tied to the wages and benefits paid child care teachers and aides. Poor wages and inadequate benefits have contributed to an enormous turnover rate in child care centers throughout Washington State (31%). Because of high teacher turnover, child care staff may lack experience and training and be ill equipped to deal with the complexities of helping children learn.

The quality of child care is of increasing national concern. National studies have shown that the millions of children in child care centers and family child care homes are receiving mediocre care. It is estimated that one in eight children are in such poor quality settings that their health and safety are threatened, four out of ten infants and toddlers are in programs of poor quality and only one in seven programs are high quality.

Recent early childhood brain development research has underscored the critical importance of good quality care especially for our youngest children. During the first five years of life, crucial brain development takes place affecting motor development, emotional control, vision, social attachment, language, and development of pathways that help children develop math and logic skills, musical ability, and vocabulary. Early environment has been shown to have a much greater impact on brain development than previously thought; we now know that if a healthy learning environment is not provided to children during these early years they will be unable to develop to their full potential.

This is only one of the reasons that child care has profound implications for business. Especially in today’s tight labor market, it makes financial sense for businesses to help employees obtain affordable, high quality child care that meets their needs. The benefits to companies are considerable; in recruiting job applicants; retaining experienced and well trained employees; reducing absenteeism; and providing for a committed workforce. The cost effectiveness of family-friendly employer practices has been underscored by a number of individual studies. Although growing, the number of businesses that offer child care benefits to their employees in King County needs to increase further.

STATE OF CHILD CARE IN KING COUNTY: 1999

*“I’m glad to be working but its really hard finding child care for my baby and three-year old”.
Sometimes it seems that I’ll have to give up my job when the baby’s sick or the child care provider is
on vacation”*

Former welfare recipient

For several reasons, child care has received increased national and local attention during the past two years. Welfare reform has resulted in many more articles about child care in local and national newspapers and increased coverage on television. Recent brain development research on the crucial role of positive experiences during the years from birth to three has also led to increased recognition of importance of high quality child care. And media coverage of youth delinquency has elevated the issue of out-of-school time programs for young people of school age.

This report, by Child Care Resources, will examine the issue of child care in King County today. We will attempt to answer four key questions about the availability, affordability, quality, and importance of child care:

- Is the supply of licensed child care in King County keeping up with demand?
- Is child care in King County affordable for working families?
- Is child care in King County of high enough quality to help our children develop their full potential?
- How important is high quality, affordable, and accessible child care for business?

AVAILABILITY: SUPPLY AND DEMAND

A number of studies have looked at the demand for child care. On the national level, the most recent large-scale study is the 1995 National Household Education Survey (NHES) conducted by the National Center for Education Statistics.¹ This survey included 45,000 households with children under the age of six. It determined that nationally 60 percent of families with infants, toddlers and preschoolers use some kind of child care arrangement on a regular basis with half of those families choosing licensed care in either a child care center or a family child care home.

In addition, the NHES study pinpointed some sociological factors that influence whether a family will use some sort of structured care. These factors include family income, the educational level of the parents, and the age of the child.

¹“Child Care and Early Education Program Participation of Infants, Toddlers and Preschoolers”, National Center for Education Statistics, 1996

Three quarters (77 percent) of parents with income over \$75,000 use non-parental child care compared with only half (50 percent) of parents with incomes of \$10,000 or less. Mothers who graduated from college are much more likely (70%) to use structured child care than mothers who did not complete high school (38 percent). The use of non-parental care also increases with the age of the child. Parents use structured child care for 45 percent of infants, 78 percent of four year olds and 84 percent of five year olds.

Recent state and local surveys indicate that the demand for child care in King County is probably higher than identified in the national NHES study. Project Lift-Off, a study of child care needs currently being conducted by the City of Seattle's Human Services Department, has surveyed 398 parents with children in the Seattle Public Schools. Preliminary results from Project Lift-Off indicate that in Seattle:

- 15 percent of families with children ages 0-2 use licensed care and an additional 15 percent would like to. The potential demand for child care for children ages 0-2 is therefore about 30 percent.
- 41 percent of parents with children ages 2-4 currently use structured care and an additional seven percent would like to. The potential demand for child care for children ages 2-4 is therefore about 48 percent.
- 13 percent of families with children ages 5-11 use before or after-school care and an additional 30 percent say that they would like to use structured care. However, the latter figure seems very high and we assume that a significant percentage of these parents are referring to recreational programs like those offered at Parks and Recreation centers. Therefore the potential demand for licensed out-of-school care is probably considerably less than 43 percent. Based on calls to Child Care Resources, we estimate that the potential demand for licensed school-age care is probably 20-25 percent.

If the Seattle data hold true for King County as a whole, we can estimate the demand for licensed child care in the county by applying the appropriate percentages to the actual number of children in each age group in King County. We can then compare the potential demand for child care with the actual number of children in licensed care in King County. Estimates of the current number of children in each age group are available from United Way.² Statistics on the number of children in each age group in licensed care are available from the State of Washington, Department of Social and Health Services.

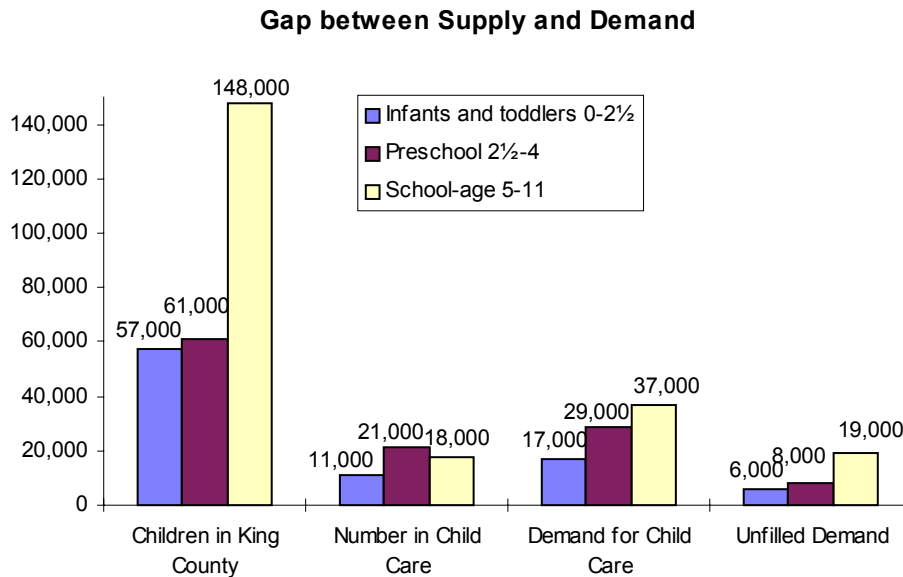
Using this methodology, we determined that there are currently about 50,000 children in licensed care in King County. However, the potential demand is 83,000 children. Altogether, the gap between supply and potential demand is about 33,000 slots.

²Estimates based on King County Annual Growth Report, Washington State Office of Financial Management, and Claritas, Inc., 1998 Trendline Zip Code Data

The greatest gap appears to be in school-age care, probably partly due to the fact that there are more school age children in the County than younger children. This finding is borne out by the pattern of information and referral calls coming to CCR; school-age care have steadily increased as a percentage of all calls. Parents of school age children face many barriers in obtaining care, including the reluctance of some providers to offer this type of part-time care and problems with arranging transportation to and from school. On the other hand, parents of school-age children tend to have a broader range of child care options available to them (such as Boys and Girls Clubs, leaving a school-age child with a neighbor, or even allowing self-care for a short period of time) than do parents of very young children. Parents of infants who cannot find high quality, affordable care feel the gap very keenly, according to Child Care Resources' Information and Referral counselors.

Beginning in July, 1999, TANF recipients will no longer be automatically eligible for a work exemption until their children are one year old--they will need to return to work when their child is 3 months of age. This will put an additional burden on the supply of infant care.

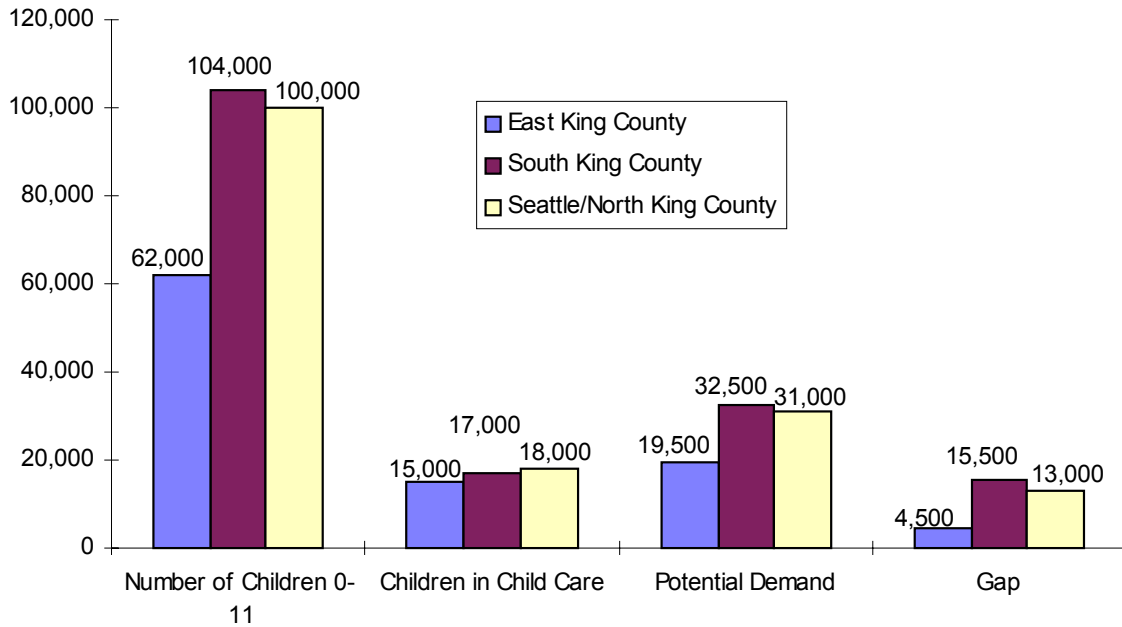
Gap between Supply and Demand



*Includes five year olds that miss the Kindergarten cut-off

Not all areas of the county are equally impacted by the gap between supply and demand. United Way data show that 39 percent of the county's children now live in South King County, 38 percent live in Seattle/North King County and 23 percent live in East King County. However, records maintained by the State Department of Social and Health Services show that Seattle/North King County has 36 percent of the child care slots, South King County 34 percent and East King County has about 30 percent of the slots.

Distribution of Child Care in King County



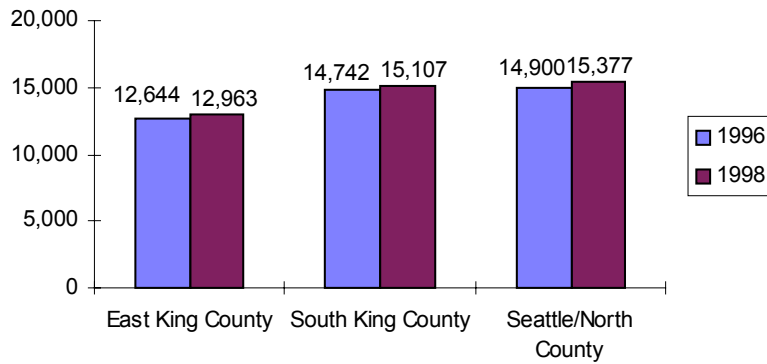
In estimating gaps in child care by part of County, it is important to remember that although most parents prefer to use child care close to home, some parents, especially of infants, may prefer it close to work. The distribution of children in King County may not correspond exactly to the need for child care slots.

Reviewing Child Care Resources data ³ shows that licensed capacity in King County increased by three percent during the period 1996-98. The greatest growth in slots was in Seattle/North King County.

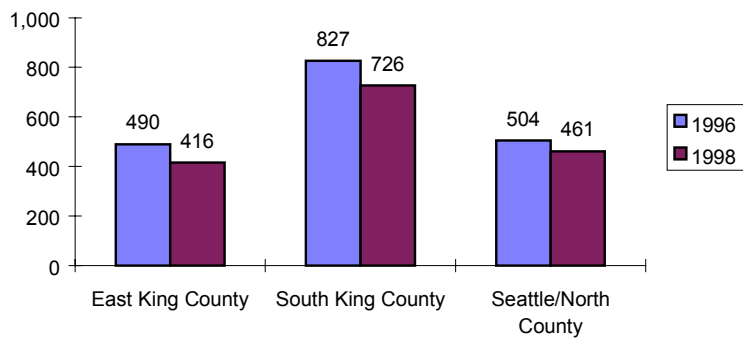
³Source: Child Care Resources' Provider Data Base, 1996-1998

Changes in Licensed Capacity of Centers and Family Homes

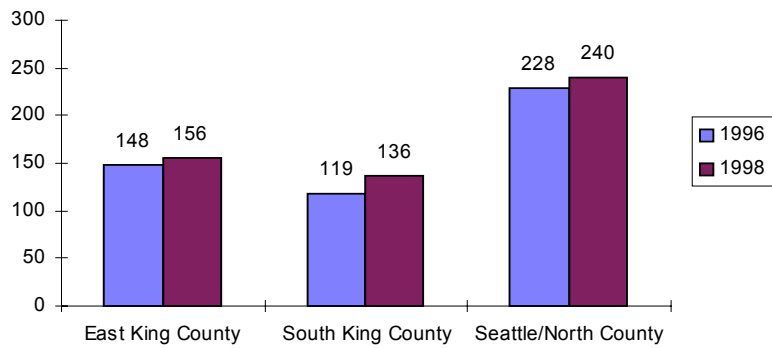
Number of Slots



Number of Family Child Care Homes



Number of Centers

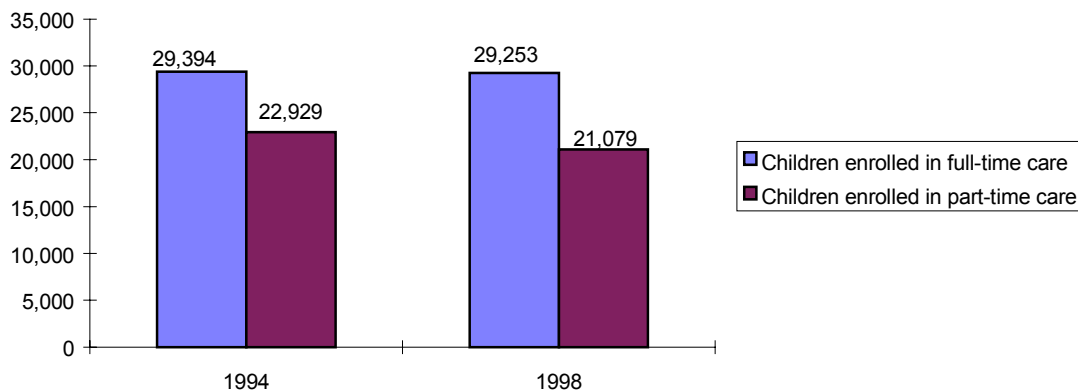


All of the increase in child care slots in recent years has been in child care centers. While the number of child care centers increased by seven percent from 1996 to 1998, the number of family child care homes actually decreased by seven percent during the same period. This loss of family child homes has decreased options for families.

There are a number of reasons for the decrease in family child homes. Better economic conditions have afforded more lucrative opportunities for low-income providers. Cuts in the federal nutrition program have further reduced the profit margin that is always slender at best. The increase in requirements, such as the new State training regulations, have imposed additional non-reimbursable costs on providers.

Availability of Part-Time Care

Although the total number of slots has increased in King County over the past five years, the actual number of children being served has decreased. This is because fewer programs now offer part-time care. Providers report that it is not economically feasible to accept children part-time as they cannot always find other children to fill the unused hours left vacant by the part-time children.



The number of children in full-time care has remained the same since 1994, but the number of children in part-time care has dropped by nine percent. This has resulted in a four percent decline in the total number of children in licensed care.⁴ Most of the drop in part-time care was in family child care homes and corresponds to the overall decrease in the number of licensed homes.

⁴State of Washington, Department of Social and Health Services, “The 1994 Child Care Rate Study: Licensed Child Care in Washington State”; State of Washington, Department of Social and Health Services 1998 Draft Child Care Rate Study.

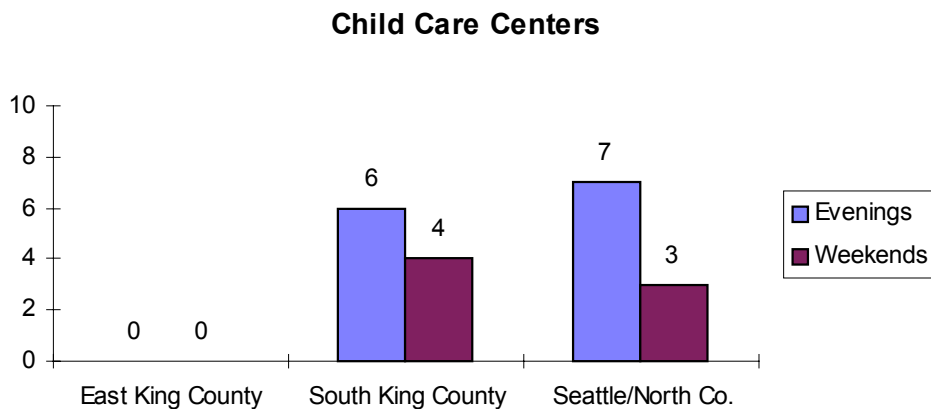
The decrease in part-time care does not appear to reflect a decrease in demand. In fact, the number of requests for part-time care from parents calling Child Care Resources has increased in recent years. Parents in East and South King County have the most difficulty finding part-time care. Half of all calls from East and South King County (50 percent and 47 percent respectively) are now from parents looking for part-time child care.

Availability of Weekend and Evening Care

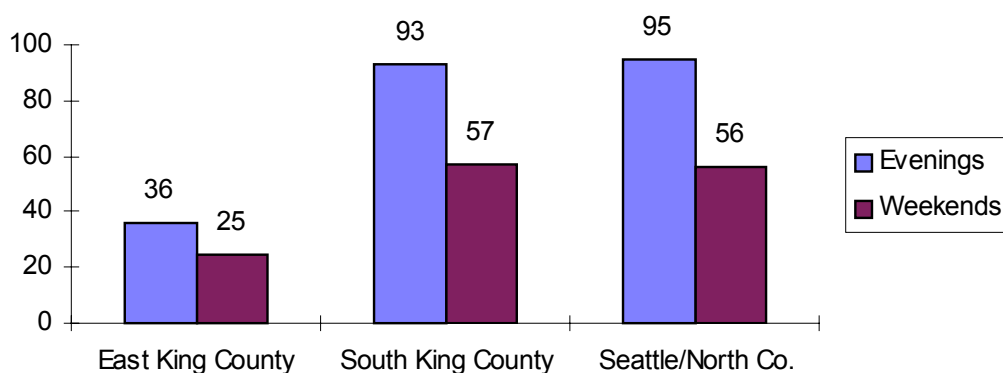
Although the number of requests for evening and weekend care remains small, they have increased significantly since 1994. For instance, requests for evening care from South King County parents calling Child Care Resources’ telephone information and referral line rose from less than 4% of total requests for care in 1994 to over 12% of requests in 1998. Most of the requests for non-standard hour care (76 percent) are from low-income parents. This trend is not unexpected. From the beginning of welfare reform, social service planners and child care professionals have predicted that many TANF recipients moving from welfare to work would find themselves in low paid jobs in the service sector. Traditionally these are the types of jobs that often require evening and weekend work.

Unfortunately, child care during non-standard hours is very scarce. In the county as a whole, only two percent of centers (13 out of 532) and 14 percent of family homes (224 out of 1603) are willing to accept children for evening care. Weekend care is even harder to find. Only one percent of centers (7 out of 532) and nine percent of homes (138 out of 1603) will accept children over the weekends. Some parts of King County have no licensed facilities offering weekend or evening care.

Facilities Offering Non-Standard Hour Care



Family Child Care Homes



Providers report that the primary reason they don't offer evening or weekend care is cost - they are not able to charge enough to cover the additional staff costs of providing extended hour care. For family providers, there are also personal reasons; providing this type of care cuts into time with their own families. It is particularly unfortunate that the very parents who are most likely to need care during evenings and weekends - those in low-paid service sector jobs - are also the least able to afford the additional cost of providing this care.

Availability of Culturally Relevant Care and Care for Children with Special Needs

Many providers do not report their ethnicity to Child Care Resources, so it is difficult to give an accurate picture of ethnicity of providers. Based on the limited information in Child Care Resources' data base, it appears that the diversity of providers in King County has increased in the past two years, but only slightly. The number of bilingual providers in King County is 328, which is 15 percent of all licensed providers. Many non-English speaking families prefer to use relative care. Those who wish to use licensed care have limited choices.

Another type of diversity in King County consists of children with disabilities or other special needs. Technically, all licensed providers are required by the Americans with Disabilities Act to serve families who have children with special needs. In reality, many providers are not comfortable doing so, and turn these children away based on lack of appropriate equipment or staffing. The number of licensed providers in CCR's provider data base who report having expertise in serving children with special needs has not grown in the past several years. It remains about 39% of total providers. The most common "special need" for which providers report expertise is for children with behavioral/emotional problems.

A survey conducted in June 1998 by the Economic Services Division of the State Department of Social and Health Service further highlighted the difficulties that low-income families have finding child care for children with special needs. The survey of families eligible for the Working Connections Child Care program found that two-thirds of the families in the survey were able to locate acceptable child care without too much difficulty. However more than half (54 percent) of parents with children with special needs had problems finding child care.

Availability of Subsidized Care for Low-Income Families

Calls to Child Care Resources from low-income families have increased in recent years both in terms of actual numbers and as a percentage of all calls received. In 1994, low-income parents made up 53 percent of all callers to CCR's information and referral line. By 1996 that number had grown to 62 percent and by 1998 to 77 percent of all callers.

Three subsidy programs are available to help low-income working families in King County with the cost of child care. The State Department of Social and Health Services, through its Working Connections program, subsidizes child care for families earning less than 200 percent of the federal poverty level. Both the City of Seattle, through the Comprehensive Child Care Program, and King County through its Child Care Program, subsidize child care for families who are not eligible for Working Connections and who have income from earnings up to approximately 250 percent of the federal poverty level. This equates to up to \$2,360 a month for a single parent with one child.

The number of children in King County receiving State subsidies has grown by one-third since 1994. However, the rate of increase has been lower than in the rest of the state. Sixteen percent of children in licensed care in King County are now subsidized by DSHS, compared with 20 percent in the rest of the state. The proportion of providers in the county, particularly East King County, who accept State subsidies is also lower than the statewide average (63% of King County providers accept subsidies compared to 74% statewide). To compound the problem, most of the providers who are willing to accept subsidies limit the number of slots they will accept.

Because many providers will not accept subsidies, it is more difficult for low-income families to find child care that meets their needs. Last year Child Care Resources interviewed staff from three programs (the City of Seattle's Comprehensive Child Care Program, the King County Child Care Program, and CCR's telephone information and referral program) to find out where greatest gaps are in child care for low-income families in Seattle and King County.

According to these knowledgeable sources, low-income families have particular difficulty finding providers: a) for infants and school-age children; b) during evening and weekends; c) in certain parts of the county including Issaquah, Burien, White Center, Maple Valley, Tukwila, and Bothell; and d) in certain areas of Seattle including the Central Area and South Seattle. There is also a huge need for programs that will provide transportation to and from school.

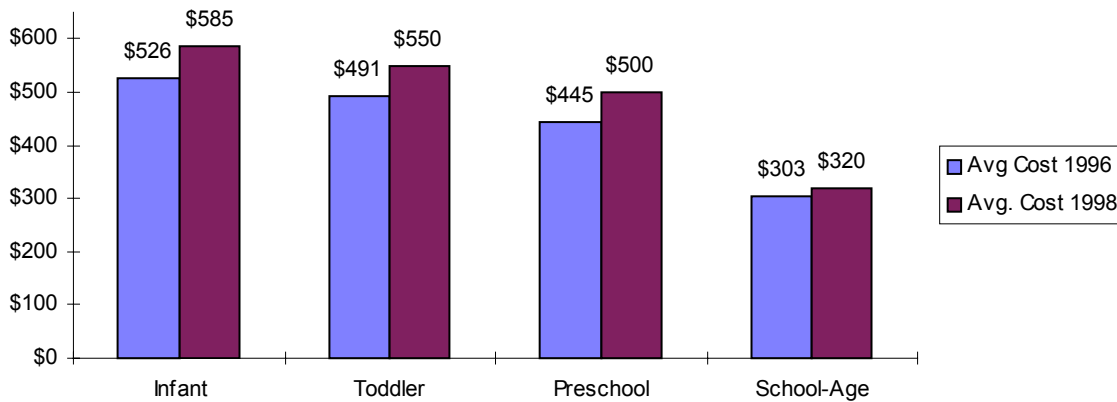
AFFORDABILITY OF CHILD CARE IN KING COUNTY

“Although my husband and I are both working we don’t make very much and child care for our two kids costs almost \$1,200 a month. Its really hard to make ends meet”

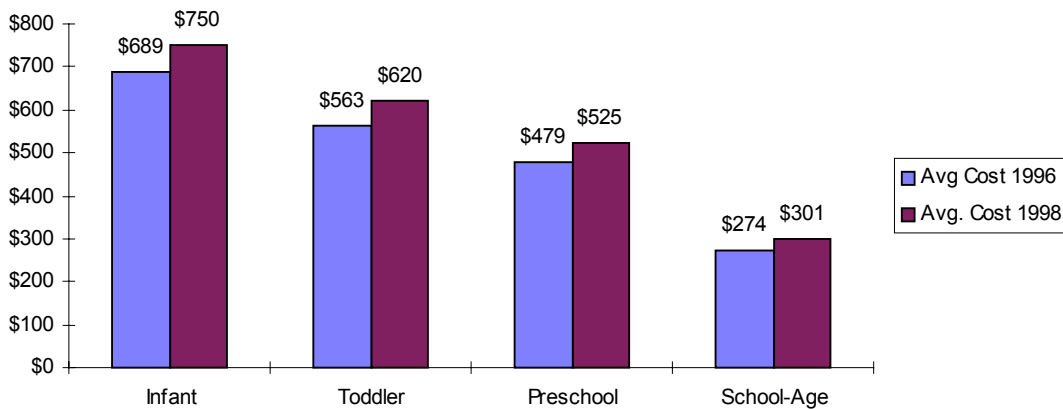
Working Mother

How much does child care cost in King County?

Family Child Care Homes



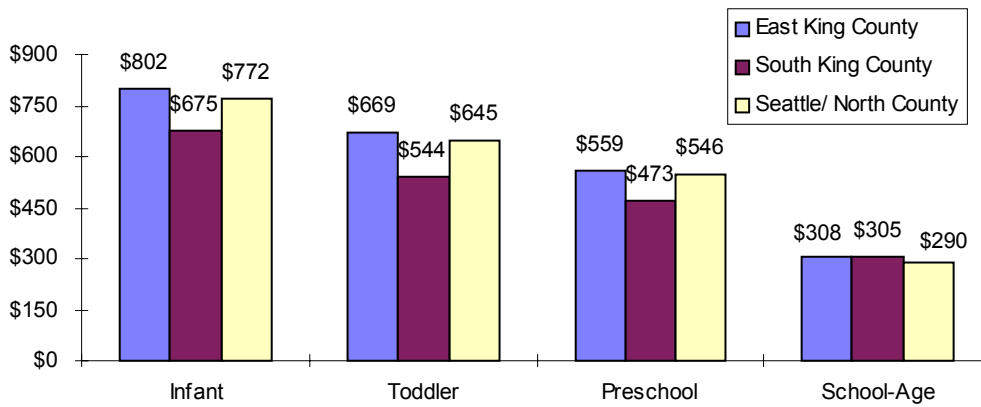
Child Care Centers



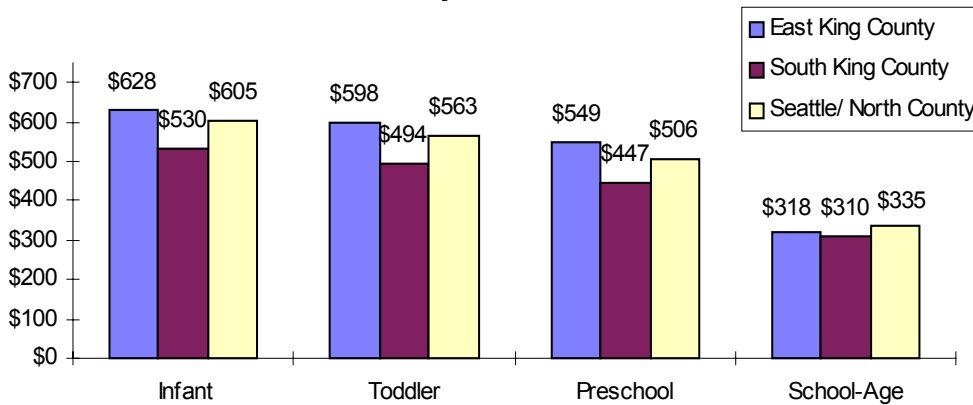
Rates vary according to the age of the child and the type of provider. According to the Child Care Resources database of all licensed facilities in King County, the highest cost is for infant care in child care centers (averaging \$750 a month). The lowest cost is for school-age care in family child care homes (averaging \$303 a month). As might be expected, rates in King County are higher than anywhere else in the state. Rates also vary slightly depending on the area of the county. East King County has the highest rates while those in South King County tend to be the lowest.

1998 Child Care Average Monthly Rates

Child Care Centers



Family Child Care Homes



What can parents afford to pay?

In 1997, Washington Kids Count identified the minimum budget needed to support a family in Washington State. Called the “Working Family Budget”, it is approximately twice the federal poverty level. It is a truly minimal budget—equivalent to about two thirds of what the average American family spends each month. For a family of three, the Working Family Budget is \$1,839 per month. If that family consisted of a single parent with a toddler and a preschooler, over \$1,000 per month could be spent on child care, almost 60% of that family’s budget!

In a 1996 study of child care financing issues, it was reported that child care typically costs in excess of 25 percent of income for low income families in Washington State.⁵ Because child care costs in King County exceed the statewide average, one might expect that low-income families in King County have to pay an even higher proportion of their income for child care.

Fortunately, in Washington State, most working families that are at 175% of poverty are eligible for state subsidies for child care. The state subsidy program, referred to as Working Connections Child Care, expects that parents will contribute a co-pay, which can be as little as \$20 a month but increases as parent income rises.

Under this system, a single mother with two children earning \$1,667 a month (150% of poverty) would be eligible for child care subsidies with a co-pay of \$144. That is about 8.6% of her monthly income, which on the face of it, does not sound too difficult. However, spending this amount on child care would leave her \$316 a month below the minimum Working Family Budget. A single mother of two earning \$1,955 a month (just above the eligibility level) paying \$388 a month for child care would fall \$660 short of the Working Family Budget.⁶

Child Care Subsidies

Not all child care programs accept DSHS subsidies due primarily to the low reimbursement rate. In King County, child care subsidies cover the costs charged by only 62 percent of licensed child care facilities. Programs that charge fees that exceed the subsidy rate have little motivation to take families with children on subsidy.

Providers have also complained about such issues as late payments, failure to notify them that a family is no longer eligible for subsidy resulting in the child continuing to be enrolled with no payment, and the problem of collecting co-payments from families. All of these issues, combined with the low subsidy rate, have contributed to a situation in which families with

⁵Brandon, Richard, and Plotnick, Robert, “Welfare, Work and Child Care in Washington State”, April, 1996).

⁶Brandon, Richard and Naito, Carol, “Financing Quality Child Care in Washington”, October, 1997

children on subsidy have fewer child care options than those in a more fortunate financial position.

King County is different from other parts of Washington State in that local subsidies are available for families who exceed the eligibility for state subsidies. The City of Seattle Comprehensive Child Care Program and the King County Child Care Program offer subsidies to parents with incomes up to about 255 percent of poverty. In 1998, King County spent \$1,097,153 and served 250 families (400 children). The City of Seattle spent \$1,467,531 and served 512 families (695 children).

These local subsidy programs have historically had long waiting lists. King County had a wait list of 204 families in 1998 and the City of Seattle has had waiting lists of 375 families. However, with the recent change in the way eligibility is determined by the State, many of those on the local waiting lists have been referred to the State subsidy program. This has created more room in the King County and City of Seattle subsidy programs, both of which are now looking at raising the upper end of their eligibility levels to allow more families to have access.

Additional options for families

Washington families can use the federal tax credit of up to \$5,000 per year to offset child care costs or if their company offers it, parents can utilize a Dependent Care Assistant Plan (DCAP) through which they may pay up to \$5,000 per year of their child care fees in pre-tax dollars, saving a maximum of \$1,500 in pre-tax dollars. Twenty-five other states and Washington, D.C. use their state tax systems to provide direct tax relief to assist low and middle income families with the cost of child care. Because Washington State does not have an income tax, there is no tax relief for the cost of child care for working families.

What do families do about cost of care?

The cost of child care presents a significant challenge to families throughout Washington State and certainly in King County. Some two parent families have actually calculated that once work expenses are added into the budget, along with child care expenses, the family would actually be financially better off if one parent stayed home! Of course, this is not an option for most single parent families, the number of which has been on the rise in King County.

Families often try to piece together options that will minimize the use of child care. Some parents are able to juggle different shifts, arrange part-time relative care, or work at home. Others turn to unlicensed, illegal care that tends to be less expensive than licensed care. And too many families still leave children unattended or in the care of an older sibling.

The other unfortunate reality is that child care providers themselves are covering some of the burden of the cost of child care. When providers are unable to charge the full cost of care, their budgets suffer. For family child care providers, that means that their income after expenses sometimes puts them at poverty level. For centers, it means lower wages for teachers, or limited or no benefits, since the primary component of a child care center's budget are wages. The low wages paid to child care workers has an unfortunate impact on the quality of care available to our children.

QUALITY OF CARE

“Where is the center that is diverse, child centered, creative, culturally sensitive, non-sexist, high quality? So many low quality centers to wade through. It is very discouraging.”

A Working Parent

The quality of child care is of increasing national concern. A 1995 national study measured the quality of care in child care centers across the country and found that the vast majority of the 5 million children in centers were receiving mediocre care.⁷ A similar study of family child care released around the same time found similar results.

- 1 in 8 children were in such poor quality settings that their health and safety were threatened
- 4 out of 10 infants and toddlers were in programs of poor quality
- Only 1 in 7 programs were found to be of good quality

The early childhood brain development research that has been released in recent years underscores the critical importance of good quality care especially for our youngest children. During the first five years of life, crucial brain development takes place that affects motor development, emotional control, vision, social attachment, language, and the development of pathways that will later help children to develop math and logic skills, musical ability, and vocabulary. Early environment has been shown to have a much greater impact on brain development than previously thought. We now know that if a healthy learning environment is not provided to children during these critical early years “windows of opportunity slam shut, one by one, with every additional candle on a child's birthday cake”.⁸

⁷Helburn, Suzanne., Howes, Carolle, Kagan, Sharon, Clifford, Richard, “Cost, Quality, and Child Outcomes in Child Care Centers” 1995, The University of Colorado at Denver, the University of California at Los Angeles, the University of North Carolina and Yale University

⁸Newsweek, April, 1998

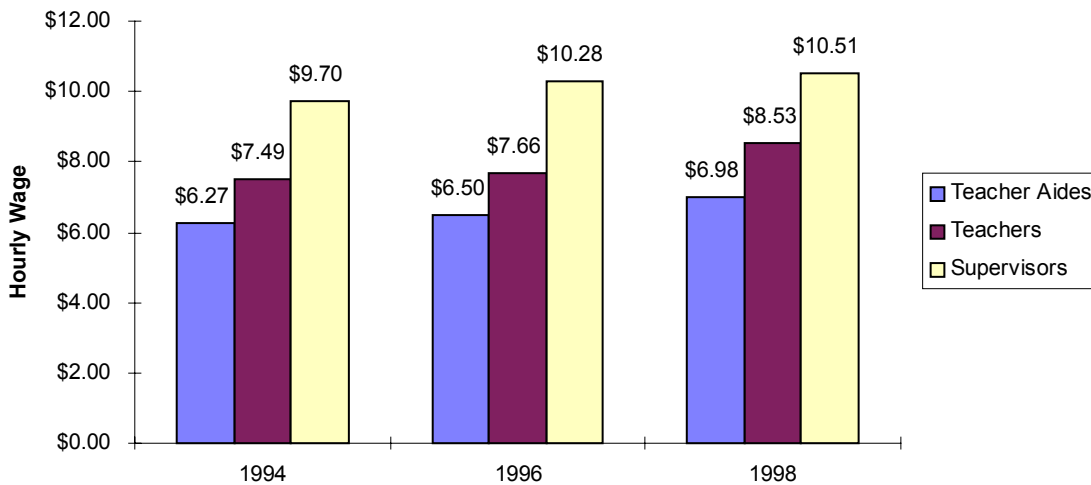
Components of quality child care

Parents⁹ as well as providers and other professionals in the field, recognize the core components of a high quality program as:

- Frequent and positive interactions with child
- Consistent caregivers
- Individual attention as well as small groupings
- Teacher skills in helping children grow in independence, social competence, intellect, and self-esteem

Obviously the chief ingredients in providing quality care are the child care workers themselves. However, the affordability issues discussed in the previous section hold down child care fees, which in turn impact the wages and benefits that centers provide to teachers and the incomes of family providers.

Average Child Care Wages in King County¹⁰



Center	\$1,996/ month	\$2,049/month	\$2,257/month
Directors			

Salaries for child care workers have barely kept up with inflation in recent years and are substantially lower than wages in other professions. In 1996, the average hourly wage for a child care teacher was \$7.66 an hour. In addition, the number of child care centers offering

⁹Project Lift-Off, City of Seattle, 1999

¹⁰Washington State, Department of Social and Health Services, "The 1994 Child Care Rate Study: Licensed Child Care in Washington State", "Licensed Child Care in Washington State, 1996" and draft 1998 Rate Study

benefits such as sick leave, paid vacation, and medical insurance has increased since 1994, but there are still many centers that do not provide benefits to their staff.

These working conditions have contributed to an enormous turnover rate in child care centers throughout the nation and in Washington State.¹¹ In 1997 the National Child Care Staffing Study reported that even in higher quality child care centers, 27 percent of teachers and 39 percent of aides left their jobs during the year, for an average turnover rate of 31 percent.

Various efforts have been underway since the early 1990's to raise awareness about the impact of low child care wages. The city of Seattle has been considered a national leader. Seattle is the first city in the county to begin organizing child care workers on a large scale. The Child Care Union Project, organized by District 925 of the Service Employees International Union (SEIU), AFL-CIO, is working with 12 child care centers throughout the city to develop a master agreement which will cover all centers that become part of the union. The master agreement will be completed by the end of the summer 1999. After that, each center will negotiate its own addendum covering issues specific to that center. Currently 150 staff from both for-profit and non-profit centers are involved in the project. The process being used is called non-adversarial, interest-based bargaining in which all parties share information in an effort to achieve a win-win situation.

Another exciting new venture regarding child care wages is about to begin in Washington State. The State will spend \$4 million to subsidize wages for child care workers in about 100 child care centers throughout the State, including King County. The state project was developed by the Economic Opportunity Institute of Seattle, the Office of Child Care Policy and the Service Employees International. Through this program, the state will subsidize the wages of workers who get additional training—up to \$15.50 an hour for workers with five years of experience and a master's degree in childhood development.

Income for Family Home Providers

A national child care expert, Kathy Modigliani, from Wheelock College in Boston, Massachusetts has conducted national studies measuring income for licensed family child care providers. In 1990, she found that the average income of family providers before expenses was \$11,000.¹² After overhead expenses such as utilities and supplies were deducted, the average “take home” pay was about \$8,000. Most providers did not have medical insurance unless covered by a spouse. Nor did they have retirement pensions. She stated that the expectation of earning low income was the greatest barrier to recruitment and the actual experience of earning low income was the greatest barrier to retention.

In King County, the average reported income of family providers (before expenses are deducted) is somewhat higher, but low enough to insure that many family providers,

¹¹ Center for the Child Care WorkForce, “Worth Work, Unlivable Wages, The National Child Care Staffing Study, 1988-1997, 1998, Washington, D.C.

¹²Modigliani, Kathy, “Money and Family Child Care, the Facts and Current Information”, 1990.

especially if they are the sole earner in the family, fall within the federal poverty guidelines. The average annual income before expenses for family providers in King County was \$24,154 in 1998, up from \$20,000 in 1996. Generally, only about one third of family providers reported that their child care earnings were their primary source of income.

Effect of Training

There is a strong correlation between the compensation paid to teachers and the quality of care offered. Because of high teacher turnover, many child care staff tend to lack experience and training. The meager budgets of child care centers and homes also make it difficult to provide training. With wages being so low, many teachers find it impossible to pay for their own training. This leads to a work force that is ill equipped to deal with the complexities of helping children learn.

Project Lift-Off surveyed child care providers and found that the average cost per child care teacher spent on training in 1998 was \$182. This is a paltry amount, compared to the \$3,204 spent per elementary teacher per year by the public school system.

National research has supported the concept that providers who seek training and professional development tend to provide higher quality child care. Fortunately the number of family child care providers who have obtained some form of early childhood education is increasing. In 1992, 56% of family providers reported that they had Early Childhood Education training. By 1994, the number had increased to 69 percent and remained the same in 1996.

New Washington state training requirements that impact all family child care providers and center directors, supervisors and lead teachers will undoubtedly increase the proportion of providers who receive training. The new training requirements are very minimal, however. Only 20 hours of training is expected as a basic starting point for child care providers and lead teachers. By comparison, over 150 hours of training is required for hair dressers!

Because child care centers that are accredited (usually by the National Association for the Education of Young Children) must meet certain minimum standards, accreditation is often seen as a hallmark of increased quality. In King County there are currently only 45 accredited homes and 49 accredited child care centers.

Training Child Care Providers in King County

Fortunately, in King County, several agencies play an important role in training child care teachers and family providers. Child Care Resources offers workshops throughout Seattle and King County and, through the Business Child Care Partnership, provides technical assistance and resources to enhance the quality of care in centers and family homes. Seattle Central Community College conducts neighborhood-based classes for providers in early childhood education. The Schools-Out Consortium offers workshops on topics specific to school-age

care. Both the City of Seattle's Comprehensive Child Care Program and King County Child Care Program conduct regular technical assistance site visits to the child care sites they contract with for subsidy payment, and also arrange additional training and on-site consultation as needed. The Seattle-King County Department of Public Health provides on-site consultation for child care centers and family homes on health and nutrition issues. The African American, Latino, and Asian/Pacific Islander Child Care Task Forces offer training and technical assistance in providing culturally relevant child care, and the Lesbian and Gay Child Care Task Force provides training on inclusion in child care for children of gay and lesbian parents.

IMPLICATIONS FOR BUSINESS

"It's Good Business!"

A Boeing executive describing work/family benefits at the recent Child Care Advantages luncheon

In King County over 60 percent of children now have mothers in the workforce.¹³ At the national level two thirds of employees have dependents that they care for.¹⁴ This has implications that the business sector can no longer afford to ignore. Recent studies were cited at a 1999 client conference through Bright Horizons Family Solutions showing that family life and dependent care issues impact the recruitment and retention of employees as well as absenteeism and productivity:

- In a 1991 survey, employees at IBM reported to the Families and Work Institute that the number two reason for taking a job is the effect on personal and family life.
- In a 1997 study, 86 percent of participants in Johnson & Johnson's work-family programs reported that these programs were very important in their decision to stay at the company.
- In 1998, Citibank conducted a study on turnover rates of employees, looking at a group that used their on-site child care center versus a control group. Among the users of the on-site center, the turnover rate was only eight percent. The control group had a turnover rate of 27 percent. The absenteeism rate of employees using the center was 0.24 days compared with 3.48 days.
- In 1996, Allied Signal reported an 85 percent drop in absenteeism due to the addition of an on-site child care center. Before using the center, the employees missed 259

¹³1990 Census Data

¹⁴Families and Work Institute 1997, as presented by Dana Friedman, Senior Vice President, Bright Horizons Family Solutions, at recent East King County Child Care Forum, 5/99

days of work; 12 months after they began using the center, the same group of employees missed 30 days.

- According to the Child Care Action Campaign, companies nationally lose \$3 billion annually due to absenteeism caused by breakdowns in child care arrangements.

Especially in today's tight labor market, it makes financial sense for businesses to help employees obtain affordable and high quality child care that meets their needs. The benefits to companies are considerable; in recruiting competitive job applicants; retaining experienced and well trained employees; reducing absenteeism; and providing for a well motivated and committed workforce. The cost effectiveness of family-friendly employer practices has been underscored by a number of individual studies.

To give just one example as presented by a national consultant, Dana Friedman, at a recent East King County Child Care forum: The Chase Manhattan Bank operates a back-up child care program for parents whose regular child care arrangements have temporarily fallen through. The Bank estimate that they avoid 6,900 days of potentially missed work due to the program. This has resulted in savings to Chase Manhattan Bank of \$1,523,175 a year from a yearly investment of \$720,000 for the back-up child care center - a 115% return on investment.

Businesses can benefit in other less tangible ways. The University of Chicago conducted a study¹⁵ of how workers feel when their company offers work/life programs. The study showed that employees using these benefits feel more committed to the company, have greater pride in the company, show more consideration for their fellow employees, volunteer for more work, show more initiative, are more supportive of change efforts, participate more in problem solving, and submit twice as many suggestions for product and process improvement.

Companies can help their employees balance work and family obligations in a variety of ways. A National Benchmarking study of 400 companies found that the average company had 33 different activities intended to support the work/life concerns of employees.¹⁶ The most frequent benefits offered by employers:

- Enhanced child care resource and referral: Employer-sponsored programs help parents find high quality, licensed child care that meets their needs. Resource and referral programs sometimes provide training and technical assistance to child care providers in an effort to improve the quality of care that is available to parents. Work-place seminars on child care related topics are also often included in the program. According to the Families and Work Institute, about 1,500 companies nationwide offered this benefit in 1990.

In King County resource and referral is offered through a variety of employers including Boeing, Microsoft, AT& T, US West, IBM, Eddie Bauer, Immunex, SeaFirst, Washington

¹⁵University of Chicago, Fel-Pro, 1994 as presented by Dana Friedman, Senior Vice President of Bright Horizons, Family Solutions at East King County Child Care Employer Forum, 5/99

¹⁶William H. Mercer Companies LLC; Bright Horizons Family Solutions, "Survey of Work/Life Initiatives", 1998

Mutual, King County, the City of Bellevue, the City of Seattle, the Puget Sound Blood Bank, Allstate and at least 80 other small and large businesses.

- On-or near-site child care: Some employers provide child care at, or near, the work place. In 1990, approximately 1400 private and public employers in the United States had child care centers located at or near the work-site. The centers may be operated directly by the employer or through a management contract with a child care provider. In either case, on-site child care requires financial support and management commitment in order to make the program affordable to all employees.

As is typical across the country, in King County on-site child care tends to be an option that only larger corporation can afford to develop for their employees. Also similar to national trends, on-site child care is primarily offered by health care corporations. Current providers of on-site, or near site, child care in King County include The Boeing Company, Seattle Times, City of Seattle, Sysco Corporation, Icos Corporation, Fred Hutchinson, Virginia Mason, Northwest Hospital, and Group Health. In addition, several other companies, most of them corporations of over 1,000 employees, are currently considering adding on-site or near-site child care as an employee benefit.

The City of Bellevue has passed an ordinance requiring that space for child care be included in any major new business development projects. Currently, two such projects are being built. The Lincoln Square development across from Bellevue Square will add a 12,000 square foot child care center which will have extended hours and the Sunset Corporate Campus, due to be completed in the fall of Year 2000, will also have an on-site child care center connected to the Metro Park and Ride.

- Consortia arrangements: Groups of employers can share the costs and benefits of establishing or operating a child care center. This works especially well for smaller companies that do not have the employee mass or the resources to operate a child care center independently. Consortia arrangements are especially popular in downtown locations or in office parks.

Currently, a group of employers in Bothell, including Eddie Bauer, is discussing the possibility of establishing a consortium model to either purchase slots in existing child care programs or develop a new center.

- Public/Private Partnerships. When faced with a workforce shortage, a group of private corporations in Southwest Washington approached the local school district to help address the lack of child care. As a result, the non-profit Southwest Washington Child Care Consortium was formed, raised \$4 million and created 22 child care centers, mostly located on school district facilities.

In King County, Costco Wholesale is collaborating with Bellevue Community College to build a non-profit child care center in Issaquah. When completed, the program will be a model in terms of quality: the center will provide training opportunities for early childhood education students from Bellevue Community College and will have a parent

resource center. Costco is seeking other business partners to be part of the collaborative effort.

- Emergency child care. Emergency or drop in child care is needed when normal arrangements break down, for example when the child's regular care provider is ill, there is a school "snow day" or when there is a sudden change in the employee's work schedule. Special care is also needed when children are mildly ill or in the final recovery stages of a more serious illness.

At present this type of care is extremely scarce in King County. However, the City of Redmond will be hiring a consultant to work with several Redmond based companies on developing back-up care, mildly ill, and extended hour child care options. Partners in the project include Allied Signal, Nintendo, Physio Control, Evergreen Hospital, Lake Washington Technical College, and Child Care Resources.

- Dependent Care Spending Accounts: These accounts allow an employee to set aside contributions from their pay check on a tax-free basis in order to pay for dependent care, such as child care. Many of the companies (82 percent) in the Bright Horizons Benchmarking study utilized this benefit as do many businesses in King County.
- Direct child care vouchers. Some employers provide employees with vouchers to cover all or part of child care expenses. The value of the voucher may be a flat fee or a percentage of the cost and may be limited to employees with incomes below a certain amount. According to the Families and Work Institute, in 1990 only 50 U.S. companies offered this form of employee assistance. In King County, vouchers are also extremely rare. The Seattle Times is the only local employer known by the author of this report that currently offers this option to its employees.
- Flexible work schedules. Many employers now offer flexible work schedules so that employees can engage in activities related to their family and home life. In the Bright Horizons Benchmarking study 83 percent of the companies allowed employees to work part-time, 42% of the companies offered a compressed work week, and 39% allowed employees to set their own work hours. Flexible work schedules are also common in King County.

Each of these employer-sponsored benefits can be costly. However the financial rewards in terms of employee retention, reduced absenteeism and increased productivity are positive. As underscored in a recent survey of 1100 companies,¹⁷ the benefits of employer-sponsored child care programs exceed the costs. Recognizing that its a bottom line decision, an increasing number of employers in King County are now offering child care and other benefits to help employees balance work and life.

¹⁷Families and Work Institute, 1998 study, as presented at Bright Horizons Family Solutions Client Conference, 1999

Every year, Child Care Advantages, a program of the Department of Community Trade and Economic Development in Olympia recognizes employers in Washington State who are leaders in providing work/life benefits to their employees. This year, the Child Care Advantages Awards Ceremony recognized several King County employers: Mosaix, Inc. (Redmond); Allied Signal, Inc. (Redmond); The Boeing Company (Seattle); City of Seattle; and Immunex (Seattle).

RECOMMENDATIONS

1. Conduct an in-depth survey of parents in order to learn more about the gaps between supply and demand for evening and weekend care, infant care, child care for children with special needs, and school-age care in each area of King County. Based on this information, fine tune child care provider recruitment efforts to more specifically meet the needs of parents in each area of King County.
2. Develop more part-time child care in all areas of King County. This is linked to #3 since making part-time child care work financially is one of the barriers to the development of more part-time care.
3. Increase training and professional development efforts directed at child care providers, with an emphasis on improving the quality of culturally relevant child care and care for children with disabilities and special needs.
4. Work with public and private sector organizations and advocacy groups to improve the affordability and quality of child care through better financing of the child care system. Wages must be increased in order to recruit and retain child care workers; at the same time costs must be contained so that child care can remain affordable to working families.
5. Enlist the business community as a partner in developing high quality child care that is affordable and accessible to the whole community. Encourage businesses to develop family friendly practices and work/life benefits for their employees, including on-site child care, emergency child care, drop-in child care and child care for mildly sick children.

ACKNOWLEDGEMENTS

Child Care Resources would like to thank all of the people who helped gather and interpret information and who read earlier drafts, gave valuable input, or in other ways, worked on this report:

Kate Bostelmann, Boston Scientific Corporation
Rick Brandon, Washington Kid's Count
Debbie Brown, Bright Horizons Family Solutions
City of Seattle Comprehensive Child Care Program
City of Seattle's Project Lift-Off team
Judith Henderson
Representative Ruth Kagi
King County Child Care Program
Larry MacMillan, Washington State Business Assistance Center
Dave Sieminsky, United Way
Washington State Department of Social and Health Services
Billie Young, City of Seattle