

# Child Care

## BACKGROUND

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In this piece, *child care* is defined as nonparental care given to children through age five, and *before/after-school care* refers to nonparental care given to school-aged children.

- In Michigan, 1.5 million children—60 percent of those aged 17 and under—belong to families where the custodial or both parents work.
- Nationally, of women with children aged under 6, 60 percent work; of women with children aged 6–17, 75 percent work.

Child care is provided in many settings: child-care centers, group daycare homes, family daycare homes, and residences of family and friends. Before/after-school care also may occur in any of these settings, but it is more likely to be provided by public and private schools, community-education programs, or community-service entities such as the YMCA.

While the federal government provides some funding for child care and before/after-school care, mostly in subsidies for low-income families, the states are responsible for setting standards, enforcing them, and adding any other money for subsidies. In Michigan, the Division of Child Daycare Licensing in the Department of Consumer and Industry Services (MDCIS) is responsible for such regulation as legislated by the Child Care Organization Act of 1973.

## Types of Child Care

### *Child-Care Centers*

Child-care centers, of which there are about 4,600 in Michigan, must be licensed, and the program director must (1) have completed at least 60 semester hours at an accredited college or university, including 12 hours in child development, child psychology, or early childhood education and (2) have been awarded the child development associates credential by the Child Development Associate Consortium, a national agency affiliated with the Association for Education of Young Children. Caregivers (those providing direct care, supervision, and guidance) in child-care centers must be aged 18 or older and have completed at least one year of a vocational-occupational child-care training program approved by the state Department of Education.

Prior to licensing, the program director is checked for criminal convictions or abuse and neglect reports, and the premises are examined by a fire inspector and a health department sanitarian. Having met all requirements, centers are issued a six-month temporary license and, if no complaints are

## GLOSSARY

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### **Before- and after-school care program**

*A program that cares for school-age children before and/or after school.*

### **Child-care center**

*A licensed center that provides care for children, usually aged 5 and under.*

### **Family daycare home**

*A registered private residence that provides care for up to 6 children, usually aged 5 and under.*

### **Group daycare home**

*A licensed private residence that provides care for 7–12 children, usually aged 5 and under.*

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received, a two-year license thereafter; daycare centers are reinspected annually. Once in operation, the child-care center must follow guidelines established in the Child Care Organization Act of 1973 on such matters as the caregiver-to-children ratio (see exhibit), acceptable discipline techniques, number and nutritional content of meals and snacks, and type of equipment required.

### Required Minimum Staff-to-Children Ratio, Michigan Child-Care Centers

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

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

#### Group and Family Daycare Homes

The difference between a group and a family daycare home is the number of children for which it may care (12 and 6, respectively) and the state's requirements for its operation (licensure and registration, respectively). Both operate in private residences.

Group daycare homes must be licensed, and the licensee undergoes a criminal-conviction check and premises inspection.

Family daycare homes need only be registered with the MDCIS: The caregiver must certify that s/he meets state regulations, submit three personal references, test negative for tuberculosis, participate in orientation, and pass protective-services and criminal-record clearances; the home will be visited by a MDCIS licensing consultant during the first 90 days the home is certified. Registration is valid for three years and does not require a visit from a MDCIS licensing consultant for renewal.

Group daycare licensees need not meet minimal education standards but must be aged 18 or older. If a group daycare home employs a child-care aide, which it must if more than six children are being cared for, s/he must be aged at least 14. The ratio of staff to children (including any of the staff's own who are aged under 7) shall not be less than 1:6 (i.e., there shall be no fewer than one staff member for every six children); no more than four children may be under 30 months, and no more than two may be under 18 months. Group and family daycare homes must meet certain state guidelines, but they are much more general than those imposed on child-care centers. There are almost 17,000 group and family daycare homes in Michigan; 90 percent are the latter.

Another child-care option is an in-home caregiver—e.g., nanny, babysitter, grandparent, friend, neighbor. These informal arrangements are not regulated by the state. The existence of these informal arrangements makes it difficult to know precisely the percentage of children in each setting, but a recent news *New York Times* report (April 5, 1998) indicates that of children with working mothers, 29 percent are cared for in child-care centers, preschools, or nursery schools, 25 percent by relatives, 16 percent by fathers, 15 percent in family daycare homes, 5 percent by a nanny or au pair, and the remaining 10 percent in some other way.

Before/after-school care programs are subject to the same licensing rules as child-care centers, except that the director may substitute 12 credit hours in elementary education, physical education, or recreation for the early childhood-related courses required of a child-center director. For children aged 6–12, the staff-to-child ratio may not be less than 1:20; for children aged 13–17, 1:30. If the care is given in a public school building, certain safety requirements may be waived.

#### Cost and Funding

The average cost for daycare is \$4,000 per child per year; some families pay as much as \$10,000 for center-based or in-home care. State and federal government help by providing subsidies to low-income families (states provide them directly, while

the federal government does so in block grants to the states) and by permitting tax credits or deductions to be taken by individuals and businesses. Before/after-school care averages about \$45 a week.

#### *State*

- In fiscal year 1996–97, the Family Independence Agency (FIA) paid out \$185 million for child care for 60,000 low-income children (an average of \$3,083 per child); these funds include federal money.
- The School Readiness Program, administered by the Department of Education paid out \$63 million for care for 21,000 children (an average of \$3,000 per child).
- House Bill 4180, passed by the House and in committee in the Senate, would permit a deduction of \$5,000 per child for employment-related child-care expenses.

#### *Federal*

- The Child Care and Development Block Grant, funded at \$2.9 billion in FY 1996–97, provides matching funds to states to subsidize child care for families with income below 85 percent of the state median income.
- The Title XX/Social Services Block Grant, funded at \$2.5 billion for FY 1996–97, may be used to support child care. (It is estimated that about \$500 million of these funds currently are used for this purpose.)
- The Child and Adult Care Food Program (\$1.5 billion in FY 1995–96) subsidizes nutritious meals and snacks for children up to age 12 enrolled in child-care centers, family and group daycare homes, and before/after-school care programs. There is no minimum income requirement for this subsidy, and this program acts as an incentive for providers to become licensed or regulated.
- The federal dependent-care tax credit allows an income tax credit for a portion of one's child-care expenses. The credit is on a sliding scale: lower-income families receive slightly larger credits. The largest credits allowed are \$720 for

one child and \$1,440 for two or more. In FY 1995–96 about \$2.8 billion was claimed. (Approximately half the states also have a tax credit; Michigan does not.)

- Employers may offer a Dependent Care Assistance Plan, whereby up to \$5,000 is set aside from an employee's gross salary and put into a nontaxable spending account for child care. Social Security, federal, state, and local taxes thus are reduced for both employee and employer, and the employee can pay for child care with tax-free dollars. The employer also may contribute to the account.
- Employers may receive certain other federal tax breaks if they provide or subsidize employees' child care; such programs are becoming more common but still are offered in only a few workplaces.

## DISCUSSION

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### **Funding**

The debate about child care has mostly to do with the government's role in funding and regulating programs and services. Advocates of the government playing a substantial role in subsidizing daycare for both low-income families and others believe such subsidies—whether through direct assistance or employee/employer tax breaks—are necessary to ensure good quality at affordable prices.

Child-care expenses, at an average of about \$4,000 annually per child, comprise a large percentage of many families' budget. About half of families with young children earn less than \$35,000 a year, and a family with both parents working full-time at minimum wage earns only \$21,400 annually. Without subsidies, parents may have no choice but to opt for less expensive and perhaps lower-quality care.

Opponents of subsidies believe they encourage parents to work, even when the income is not necessary for the family's financial survival, thus many children end up in daycare rather than at home. They

also contend that subsidies are unfair to parents that sacrifice income in order to have one parent at home with the children; such families do not receive the same tax advantages as dual-income families, and they in fact subsidize—through taxes—the others.

Proponents of additional government support for child care are especially concerned about the effect of Michigan's new welfare policies (made possible by federal block grants and the devolution of welfare program responsibility from the federal to state government) that require recipients of Family Independence Program dollars (FIP, formerly known as Aid to Families with Dependent Children) to work; if they do not, their aid will be reduced or eliminated. Although federal guidelines would allow mothers to stay at home with their infants for 12 months, the Michigan program requires new mothers receiving FIP assistance to return to work within 12 *weeks* of childbirth. Proponents of more public spending for child care argue that the government is responsible for these children needing such care and should subsidize it to (1) help needy mothers keep their costs down, (2) help the mothers to be able to continue working, and (3) ensure that these children receive good care from well-trained staff.

These same observers also point out that there already are more children needing daycare than there are *licensed* facilities to provide it. The Michigan Community Coordinated Child Care (4C) Association reports that currently, there are enough *licensed* day care slots only to accommodate 78 percent of all children in daycare in Michigan. The shortage is especially acute for infants, school-age children, those with special needs, and those requiring odd-hour care because their parent is working at more than one job or on an odd-hour shift.

Opponents of more public involvement in child care argue that many child-care centers have openings; moreover, they say, the fact that the number of children needing care because their parents are working exceeds the number of available licensed child-care slots does not necessarily mean there is a child-care

shortage in Michigan. Many parents do not want their child in a *licensed* day care center or home, preferring instead to have their child cared for by a family member, neighbor, friend, or in-home babysitter or nanny.

Proponents of state- and federally subsidized before/after-school care programs say that these programs are justified by such factors as the increase in juvenile crime between 2 P.M. and 8 P.M., and a 1990 University of Southern California study that finds that eighth-graders left home alone after school report more cigarette, alcohol, and marijuana use than those who are in adult-supervised settings. According to *Newsweek*, the nation's police chiefs are among the staunchest backers of after-school care.

They also point out that without subsidies, before/after-school care will be available primarily in neighborhoods that can afford it; only one-third of all American schools currently offer such programs. According to a Wellesley College study, more than 15 percent of low-income parents report that their children aged 4–7 regularly spend time alone or in the care of a sibling aged under 12.

Opponents of government-subsidized before/after-school programs believe that it is not government's job to raise children. They contend that most such programs are offered in schools, and schools already are overburdened. They believe it is a parent's job to make sure that his/her children have something safe and constructive to do after school, and the responsibility should not be shifted elsewhere.

### **Regulation**

Many child-care advocates believe that federal and state government should more actively regulate child-care settings. Currently, the federal government has very little to do with setting health, safety, and quality standards, and the states require only that child-care providers meet minimal standards. According to the Children's Defense Fund, six of seven child-care centers provide care that is mediocre to poor, and one in eight provides care that could jeopardize children's safety and development.

They call for a stronger role for the federal government, more stringent safety standards, and programs to improve quality. They also call for increased training requirements and higher wages for child-care providers in order to attract and retain qualified staff.

Those opposed to stricter regulation argue that more bureaucracy will further increase costs, draining resources that could be used to improve quality and making it ever more difficult for families to afford high-quality care.

### Role for Philanthropy

To address the crucial issue of good daycare for low-income and disabled children, the W.K. Kellogg, Skillman, and Frey foundations jointly formed the Joining Forces Initiative in early 1997. This collaborative is working in partnership with nine communities in trying to craft solutions to the dilemma of child care for low-income/disabled children. The nine sites are the Allegan and Charlevoix-Emmet intermediate school districts, the downriver Detroit area, and Kent, Muskegon, Newago, Oakland, Saginaw and Wayne counties. At each, the daycare-need problem is being attacked from the grassroots level, with the objective of fashioning a solution that meets that community's specific needs. The initiative helps the local sites individually and, collectively, the sites help one another. Throughout the initiative (a five-year project), lessons learned will be shared with local and state leaders and policymakers.

See also Crime; Early Childhood Development; Welfare Reform.

### FOR ADDITIONAL INFORMATION

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