

“Mama exhorted her children at every opportunity to ‘jump at de sun.’ We might not land on the sun, but at least we would get off the ground.”

*–Zora Neale Hurston, *Dust Tracks on a Road*, 1942
U.S. novelist of Harlem Renaissance (1901-1960)*



Jumping at the sun

What Illinois must do to ensure high quality early care and education for its children in subsidized, home-based care.

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Executive Summary

Quality care matters

More than a half million children under age 6 are in child care and early education programs in Illinois. This care plays a central role in these children's emotional, psychological and intellectual development. If Illinois fails to provide high quality early care and education to these children, we fail them, and we fail the state.

Half of these children—330,000 of the 660,000—are in license-exempt child care homes. Of those, 105,000 come from families whose incomes are low enough to qualify for child care subsidies from the government. Another 85,000 children in licensed homes and centers also qualify for subsidies through the Illinois Childcare Assistance Program. This paper focuses primarily on issues faced by children and families who use subsidized care in home settings, the workers who provide that care, and the importance of the quality and continuity of this care.

Care is costly for working families

Low-income households (under \$18,000) with working mothers and young children spend, on average, nearly a third of their income on child care. The statewide average in 2003 for full-time center-based care was nearly \$8,700 for an infant; this cost exceeds the annual tuition at the University of Illinois. The child care subsidy program has become a cornerstone of welfare reform. Without it, many parents could not afford to work.

Caregiver turnover is too high

These caregivers and teachers—and they do teach daily—typically make less than minimum wage. Licensed child care providers who receive payments through subsidies, make a maximum hourly wage ranging from \$5.64 for rural counties to \$7.71 in the Chicago area. In addition to the hardship this causes the provider in the short term, the long-term effect is staggeringly high turnover—as much as 44% annually among the license-exempt providers who care for half of the state's children in child care.

The consequences of such turnover are dire. One developmental research summary noted that “children who lose their regular caregivers tend to experience negative outcomes such as poor language and social development and, in at least one study, increased aggression.” Caregiver consistency is the cornerstone of quality early care and education.

A prescription for change

Service Employees International Union, Local 880, the union of more than 50,000 home health care workers and home child care providers in Illinois, is committed to a course of action that will improve the quality of child care in Illinois. Specifically, *Local 880 is organizing to improve the quality of early care and education by urging the following changes in Illinois:*

- 1) Expanding access to, and incentives for, **early childhood development training** and education for home child care providers who provide care through the Illinois Childcare Assistance Program.





2) **Expanding eligibility and co-pays for subsidized child care** for low-income families to ensure that no family is forced to spend more than 15% of their family income on childcare.

3) **Raising subsidy rates** and securing affordable health insurance for home child care providers to make home child care a quality job with living wages and quality benefits.

4) **Expanding collective bargaining** laws to ensure a voice for home child care providers so that they can more effectively work for and implement measures to improve the quality of early child care and education.



1. Introduction: Child Care in Illinois

Kaya and Rodney Terrell of Kankakee work three jobs between them: Kaya works during the day at a health care center, while Rodney works third shift at a battery factory and extra shifts at the local McDonald’s restaurant. They depend on home-based childcare provider Diana Veal to help care for their two children. “Sometimes I start work at 6 o’clock in the morning, and that means having a child care provider who can start caring for my children as early as 5:30 a.m.,” Kaya said. “Only a home childcare provider would go the extra mile to work with us parents and accommodate our work schedules.”

in the labor force rose from 30.3% to 62.8%; in 1990, 48.7% of single women with children under six worked, and by 2000 the percentage had risen to 70.5%.³

Access to affordable, reliable early care and education is vital to these families, who must make hard choices as they juggle work and family.

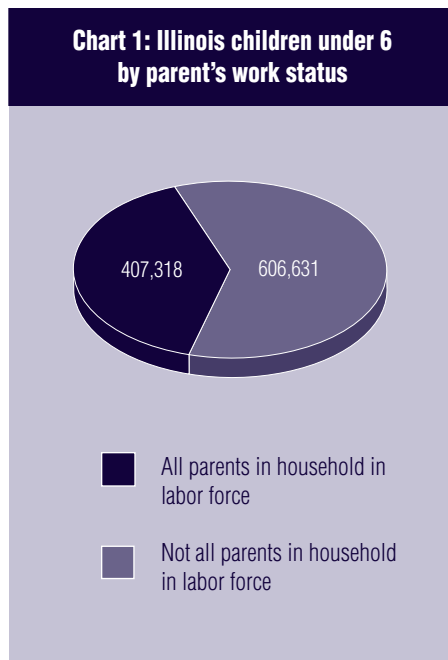
Where Does Early Care and Education Take Place?

Early care and education takes place in three main settings.

Licensed Family Child Care Homes

provide care and education to children in home settings. They serve about six children each on average. Most are run by a single provider, who can care for up to eight children, but about 20% hire an assistant to help them care for up to 12 children.⁴ (About 3% are licensed as group child care homes and may care for up to 16 children.) Providers go through an extensive licensing process with the Illinois Department of Children and Family Services (DCFS) every three years, and are required to attend at least 15 hours of child care training per year.

The majority of Illinois parents with children under six years old are in the same boat as the Terrells: Both parents work. In 2000, 59.8% of children under six years old live in households where the parents are in the labor force.¹ [See Chart 1.] Both parents work in more than half of two-parent households with children under six, and about three-fourths of single parents with children under six work.² These Illinois families are part of an enormous nationwide trend that leaves parents with less time for their children. From 1970 to 2000, the percentage of married women with children under six



Source: U.S. Census (2003). American Community Survey Summary Tables

Table 1: Total children under age 6 in care settings in Illinois

Setting	Number of Children Under 6
Licensed Family Child Care Homes	66,000
License-Exempt Child Care Homes	330,000
Centers (Licensed and License-Exempt)	264,000

Source: Krajec, Bloom, Talan & Clark (2001). Who’s Caring for the Kids? The Status of the Early Childhood Workforce in Illinois.

Why Home-Based Child Care?

Consistent care means quality care for families with non-traditional work hours.

“I know my daughter is safe at Diana Veal’s home childcare. I am very comfortable with Bianca going to a day-care home because she gets one-on-one contact with a teacher and she gets to learn around kids her own age. We saw the benefits of Bianca’s brother going to Diana’s home; now he’s in a magnet school program.”

—Rodney Terrell
Father of two children



Rodney Terrell and daughter Bianca

“Christine Nettles-Bey keeps my kids doing their homework in the afternoons, and because of that my kids get good grades. And she keeps encouraging me to do better in my life, too. We really are a team—me, my kids and my home childcare provider.”

—Kewanna Phillips
Mother of six children

“It’s hard to work when you have two young children. But our home childcare provider bridges the gaps when family members can’t be home.”

—Elaine Shelton
Grandmother helping daughter raise two children

Often, when parents work non-traditional hours, children go to different caretakers at different times of the day. But because home-based child care providers are often more flexible, children can go to one place for care. This provides a consistency of care that is better for the child’s development—the flexibility in operating hours means higher quality care for children.

Home-based care is often the only option for these parents, because very few child care centers in Illinois offer care during evening (3.7%), weekend (1.2%), or overnight (0.4%) hours. On the other hand, 18.8% of licensed family child care providers offer care during evenings, 9.0% on weekends, and 13.9% overnight, and 41.6% allow for rotating

shifts. (Illinois Department of Human Services, FY 2002 Market Rate Survey of Licensed Child Care Programs in Illinois.) License-exempt providers are often even more accommodating, offering parents schedules that they cannot find anywhere else.

But there is more to home-based child care than convenience. Many parents prefer the home-like setting, smaller groups, and closer relationships they feel are part of the family child care experience. Dorice Dean, mother of three, works a standard schedule, but she prefers home-based child care to center care, explaining, “It’s better, more one-on-one. They can get closer to the children when it’s like that.”



‘Child Care’ or ‘Early Care and Education’?

A wide variety of terms are used for the care and education of young children: child care, day care, early childhood education, preschool, nursery school, Head Start, pre-kindergarten, and much more. Sometimes these terms are used to divide services into “caring” services that are intended to help parents work, and “educational” programs to help children learn and develop.

All of these services provided to young children and their families would be better described as “early care and education.” A caring environment is necessary in order for children to learn, and part of providing appropriate care for young children is helping them learn, grow and develop. Some family child care providers offer formal early childhood education through programs like Early Head Start, but the informal programming of other providers can be just as educational.

“Every year my kids test out of kindergarten level,” said Melanie Whipple, a home child care provider in Rockford. “And I always get a giggle out of that. Especially when they are asked to count to ten—and my kids say ‘In Spanish or in English?’ Or ‘do your alphabet’ and they say, ‘backwards or forwards?’”

The Child Care Assistance Program, the state’s subsidy program for low-income parents, is designed to support parents while they work or attend school. The care that parents purchase with these subsidies is generally referred to as “child care,” and this report uses that term along with “early care and education.” But no matter what terms are used, all early care is about care *and* education.

License-Exempt Home Child Care takes place in either the home of the provider or the home of the child, and does not require a license from the state. To be legally exempt from licensing, the provider may care for no more than three children, including her own (unless all children are from the same household). License-exempt child care is often provided by relatives, friends, or neighbors.

Center (and School-Based) Child Care encompasses a wide variety of care and education arrangements that are in non-home environments, and usually care for more than 16 children. This category includes both licensed centers and centers that are legally license-exempt (such as those operating in schools and on government property). Centers can be for-profit or non-profit, and can be independent or sponsored by a wide variety of organizations, including churches, schools, universities, community agencies, the military, and governmental bodies.

This report focuses on early care and education that takes place in the two types of home-based settings, either licensed family child care homes or license-exempt home childcare. Sixty percent of children under six in child care in Illinois and 70% of all children in the subsidy program are in these settings.⁵

Parents Need Child Care in Order to Work

Reliable early care and education for children is vital to parents' ability to work. One poll found that nearly a quarter of parents nationwide with children in child care said that their ability to find reliable child care has frequently affected their job or business (23%), and an additional 20% said that it has affected their job or business occasionally.⁶ [See Chart 2.]

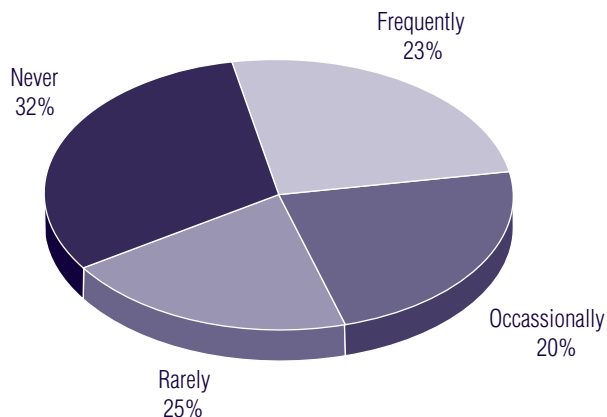
In another poll, 43% of parents using child care said that in the past five years, the absence of acceptable child care prevented them or their partner or spouse from taking a job (or the kind of job) they wanted.⁷

The High Cost of Purchasing Child Care

Child care is very costly for parents. Many parents spend more in a year on child care than the cost of a year's tuition at the University of Illinois (\$6,460 in 2004-'05 for Illinois residents). The statewide average in 2003 for full-time center-based care was nearly \$8,700 per year for an infant and more than \$5,900 for a preschooler.⁸

In Cook County and five of the surrounding suburban counties in 2002, the average cost of full-time care in licensed homes was more than \$6,500 for children under 2 1/2 and nearly \$6,250 for children over 2 1/2. In the other counties in the state with urban areas, licensed family child care cost around \$5,000 for children under 2 1/2 and about \$4,700 for older children. In the rest of the state, care for both age groups cost nearly \$4,000.⁹ [See Appendix B for a listing of the county groupings.] And since 2002, prices have continued to rise.

Chart 2: Frequency with which parent's job has been affected by reliability of child care



Source: Global Strategy Group (1998). YMCA Healthy Kids Survey

The lowest income families have the most difficulty affording child care so they can work. The average American household with a working mother and at least one child under five years old spent 8.6% of household income on child care in 1999, according to the Census Bureau. 10 Families that make less than \$18,000

a year spend nearly one-third of their income on child care. [See Table 2.] With the cost of housing now exceeding 50% of income for many low-income families, that doesn't leave much to pay the remaining bills.¹¹

Table 2: Percentage of income spent on child care (Families with working mothers and children under age 5)

Annual Family Income	Average Amount Spent on Child Care per Month (Year)	Percent of Income Spent on Child Care
Less than \$18,000	\$295 (\$3536)	31.60%
\$18,000-\$35,999	\$347 (\$4160)	15.26%
\$36,000-53,999	\$360 (\$4316)	9.51%
\$54,000+	\$490 (\$5876)	6.60%

Source: U.S. Census Bureau (2003). PPL Table 6 from Who's Minding the Kids? Child Care Arrangements: Spring 1999.

2. The Illinois Child Care Assistance Program

Families that earn up to 50% of the state median income qualify for the Child Care Assistance Program, which is designed to help them pay for child care while they work or attend school. In 2003, about 190,000 children were in subsidized care in an average month, and a total of 302,000 were cared for through the program at some time during the year.¹² [See Appendix A for a breakdown by county of children using subsidy certificates in licensed and license-exempt home settings.]

Welfare Reform Requires New Program for Children of Working Families

Prior to 1997, Illinois offered limited child care assistance, with guarantees of subsidized care for those on welfare but waiting lists for other working poor families. In 1996, Congress signed welfare reform into law with stricter work requirements that forced parents to find work more quickly or be enrolled in an education program. For parents with children, child care would be necessary to their success. Advocates for working families convinced Congress to appropriate new funding for child care to enable low-income parents to work, and their children to receive quality care and education.

Responding to the changes, Illinois created the Child Care Assistance Program in 1997, with a goal of providing subsidized child care to *all* working poor families who qualify—not just those on welfare.

Table 3: Participation in the Illinois Child Care Assistance Program, by setting

Setting	Children Using Subsidies in an Average Month
License-Exempt Homes	105,000
Licensed Homes	30,000
Centers	55,000

Source: Illinois Department of Human Services (2004), 2003 Report on Illinois Child Care

The program is funded approximately 50-50 by the state and federal governments, with some fluctuation over time.¹³ Much of the funding comes from the federal Child Care and Development Block Grant, significantly expanded in 1996, and from the mandatory state match. A significant portion also comes from federal Temporary Aid to Needy Families (TANF) and the mandated state TANF Maintenance-of-Effort (MOE) contributions. The TANF dollars can be used in a

variety of ways—including on child care subsidies—to assist families on welfare or at risk of going on welfare.

Funding for child care in Illinois rose from \$262.8 million in 1997 to \$663.7 million in 2001.¹⁴ Since 2001, increases in appropriations for the program have been much smaller: The 2005 budget was \$693.5 million.



Sheila Buckhalter

How Child Care Subsidies Work

To be eligible for the child care subsidy program, a household must earn less than 50% of the current state median income. Currently, the eligibility limits are approximately \$34,500 for a family of four, \$29,000 for a family of three, and \$23,500 for a family of two. Child care is approved only for hours during which all the child's parents are at work or in school. All parents are required to make co-payments of up to 14% of their income toward the cost of child care.

Most subsidized child care is purchased through what are called certificates—a kind of voucher. Once parents are determined to be eligible for assistance, they are free to choose their own child care provider. Every month, the provider receives a check from the state for the days they have worked caring for each subsidized child.

The state sets maximum subsidy rates depending on the area of the state, the age of the child, and the type of care (center-based, licensed homes, and license-exempt homes). Providers receive from the state a rate equal to the rate they normally charge private-paying parents, or the maximum Illinois subsidy rate, whichever is lower. [See Appendix B for a listing of maximum rates.]

Why the Child Care Subsidy Program is Important

Child care subsidies enable tens of thousands of low-income parents in Illinois to work. Without child care assistance, the cost of child care would be too great a burden for most working poor families, and many of them would have no choice but to stay on welfare. Between 1997 and 2002, while the number of children using child care assistance more than doubled, the number of families on TANF decreased from 207,000 to 61,000.¹⁵

The child care program is also a job creation engine that strengthens the economies of Illinois' communities. Many child care providers were formerly on welfare themselves. Now they are helping to provide a vital service to the community by taking care of the children of other working families. A large portion of the state's spending on assistance to low-income families has moved from the budget of TANF to the child care subsidy program.

Research has shown how important child care assistance is to helping low-income families work and stay off of welfare. One analysis of labor market data from the late 1990s found that single mothers of young children are 40% more likely to still be employed after two years if they receive help paying for child care, and former welfare recipients with young children are 60% more likely to still be employed.¹⁶ Another study found that families leaving welfare between 2000 and 2002 were 30% less likely to return to TANF within three months if they received assistance paying for child care.¹⁷

'A life saver' Child care and welfare reform

For Dorice Dean, a single mother of three, the subsidy program is a lifesaver. "I love it," she said. "Without it, I don't think that I'd even be working."

Dorice and her children used to rely on welfare, but eight years ago, she found out about the child care subsidy program. Now, she works as a receptionist at a clinic. "Without child care, it would be extremely hard. Just having that program enabled me to keep a steady job."

Dorice sees the effects on other families in her community, too. Without affordable child care, she says, a lot of parents wouldn't be able to work. She said the child care subsidy program was presented to her community as a way to help people get off welfare. "It's really working. I see a lot of people working."

Research supports what Dorice sees in her neighborhood. One study found that former welfare recipients with young children are 60% more likely to still be employed after two years if they receive help paying for child care.

Dorice is committed to working with parents, providers, advocates and SEIU Local 880 to strengthen the program, and win changes like reduced co-pays for parents. "They need to keep it affordable," Dorice said. "Or else a lot of parents won't be able to work."

3. Costs and Wages for Child Care Providers



While child care costs can be dauntingly high for parents, the income of family child care providers is among the lowest of any occupation. Providers face high costs for food, toys and games, and other supplies for the children, as well as utilities, household maintenance, gasoline for transporting children, and other costs. And because of how few children are cared for by each provider, the cost per child is high.

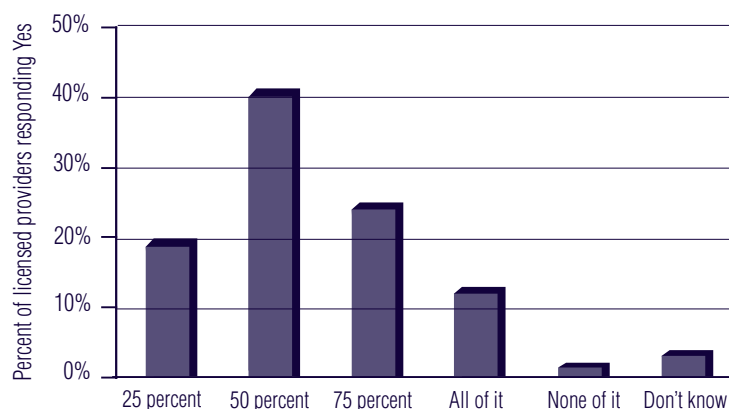
Operating a family child care home, especially one that depends on income from the state's subsidy program, is a difficult economic endeavor. To begin with, both licensed and license-exempt providers are limited in the number of children they can care for. Licensed providers can care for no more than six children under age five—effectively no more than six children full-time during the school year—unless they hire an assistant, which many providers find impossible to afford. License-exempt providers can care for no more than three children.

The budgets of licensed and license-exempt providers often look quite different, but all have the same problem—too many needs, and too little money. Providers say they need more money to spend on creating a high quality learning environment for the children.

A recent poll of these providers found that 36% of licensed providers reported spending more than half the money they receive from the state on books, toys, food, maintenance, insurance, and other child care costs, and another 41% spend about half. [See Chart 3.] License-exempt providers receive much less from the state, less than \$10 per child per day. For those subsidized providers, the poll found that 59% spend about half or more of the money they get from the state on child care expenses.¹⁸

A study which examined the expenses of family child care providers in three states found that providers caring for the equivalent of three to eight full-time children

Chart 3: Proportion of subsidies spent on supplies



Source: The Feldman Group Research for SEIU, February 2005

spent approximately 43% of their gross income on child care expenses. Providers with three or less such children spent approximately 33%.¹⁹

Ann McHatten is a licensed family child care provider in Chicago, and cares for six children who receive child care subsidies. She provided figures from her 2004 financial records to demonstrate the finances of her family child care home. [See Sidebar.] When all of the expenses are deducted from her income, the amount left for her own household is \$10,800 for the year, or \$2.97 per hour for her 70 hours of work in an average week. She makes less than half of minimum wage, with no benefits, leaving her hard-pressed to make ends meet.

The situation for license-exempt providers is even more dire. They receive \$9.48 per child per day, with a maximum of three children. The most an exempt provider can earn in a month is \$615, and in a year, \$7,340, before expenses. Using the average expenses from the Family Child Care Finances study, expenses would be 33% or approximately \$200 per month, and estimated yearly net income at maximum capacity would be \$4,915.²⁰

Both licensed and license-exempt providers struggle to support themselves and their families through providing child care, and sometimes the challenges are enough to drive them from the job they love.



Sample Operating Budget, Licensed Home-Based Child Care

Average Monthly Income:

\$2000 from the state
 \$75 co-payments
 \$550 Child and Adult Care Food Program reimbursements

\$2,625 TOTAL GROSS INCOME PER MONTH

Average Monthly Expenses:

\$550 food
 \$120 supplies
 \$50 toys and games
 \$50 activities
 \$305 utilities
 \$650 household maintenance and improvements

\$1,725 TOTAL EXPENSES PER MONTH, EXCLUDING SALARY

NET INCOME: \$900 per month (\$10,800/year)

Average work week: 70 hours

Hourly pay: \$2.97

4. The Causes and Consequences of High Turnover

Table 4: Median hourly wage in Illinois by Occupation, 2003
(http://www.bls.gov/oes/current/oes_il.htm)

Pest control:	\$14.66
Crossing guards:	\$10.78
Animal caretakers:	\$10.01
Nursing aides and orderlies:	\$9.69
Janitors:	\$9.69
Retail salespersons:	\$8.80
Parking lot attendants:	\$8.52
Maids and housekeeping:	\$8.31
Cashiers:	\$7.62

Source: Bureau of Labor Statistics. November 2003 State Occupational Employment and Wage Estimates: Illinois

Turnover is a major problem in the early care and education field in all settings, and home child care is no exception. According to a 2000 analysis by the Illinois Network of Child Care Resource and Referral Agencies, annual turnover of licensed home providers in Illinois is 16%, and 44% in license-exempt homes.²¹ A 2003 survey of licensed family child care providers found that 45% had considered quitting within the past year.²²

A review of subsidy lists shows that more than 25% of licensed family child care providers who were caring for subsidized children in April 2004 were no longer receiving subsidies about 10 months later. That number involves two kinds of turnover: providers who have left the field entirely, and providers who are no longer providing care to any subsidized children (but who may still care for private-pay children). A similar analysis for license-exempt providers finds that 30%

of license-exempt providers who were caring for subsidized children in October 2004 were no longer receiving subsidies less than four months later.

Child Care Income and Turnover

A major contributor to turnover among home child care providers in Illinois is the low pay and lack of benefits such as health insurance. A 2003 survey of licensed family child care providers in Illinois found that of those who had considered quitting, the top reason was dissatisfaction with salary. When asked what would make them want to continue to provide care longer, the top two responses were higher income (66%) and better benefits (64%). That same survey found that 58% of licensed providers reported a net income of less than \$11,000 a year, and 79% reported a net income of less than \$17,000 a year—both below the poverty level for a family of four.²³



Debra Hopkins

In 79 Illinois counties, a licensed home provider earning the maximum amount possible by caring for the maximum number of subsidized children allowed (six children under age five and two school-aged) cannot earn the Illinois minimum wage. In 17 more counties, they can earn no more than \$6.56.²⁴ [See Table 5 and Chart 4.] Few providers are always at maximum capacity, and many never are; these providers earn less, as do providers who spend a higher percentage of their income on expenses.

The most that license-exempt providers can earn in a week is \$142, and in a year, \$7,340, before expenses, which keeps them below the poverty threshold for even a family of one. [See Chart 5.] A 2001 survey of Illinois license-exempt providers caring for subsidized children found that 27.1 percent were using TANF, Medicaid or Food Stamps in January 2001.²⁵

A recent poll of providers in Illinois receiving subsidies found that 36% of licensed providers and 44% of license-exempt providers did not have health insurance. More than half of licensed providers who were the main source of income for their household had no health insurance.²⁶

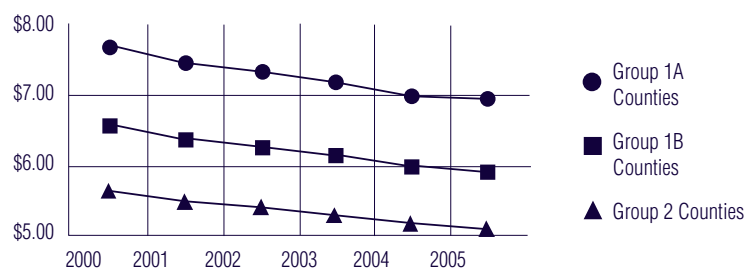
Many child care providers are only able to afford to do their job because of financial support from others in their household. But in a recent poll, 56 percent of license-exempt providers and 54 percent of licensed providers who care for subsidized children reported being the main provider of income for their household. Of all providers, licensed and license-exempt, who were the main financial support of their household, only 21% reported a household income of \$25,000 or more.²⁷

Table 5: Maximum hourly wage for licensed child care providers (receiving payment through subsidies)

\$7.71	● Group 1A: Cook, DuPage, Kane, Kendall, Lake, and McHenry counties
\$6.56	■ Group 1B: Boone, Champaign, DeKalb, Kankakee, Madison, McLean, Monroe, Ogle, Peoria, Rock Island, Sangamon, St. Clair, Tazewell, Whiteside, Will, Winnebago, and Woodford counties
\$5.64	▲ Group 2: all other counties

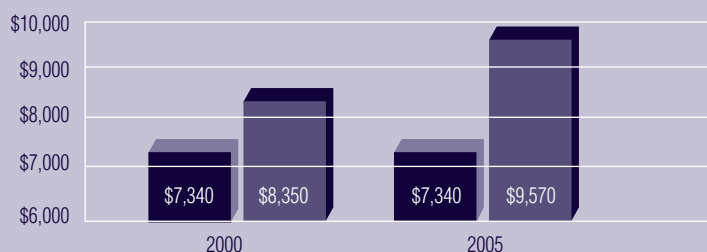
Source: Bureau of Labor Statistics, November 2003 State Occupational Employment and Wage Estimates: Illinois

Chart 4: Maximum Hourly Income from Subsidies (2000 Dollars)



Source: American Institute for Economic Research, Cost of Living Calculator

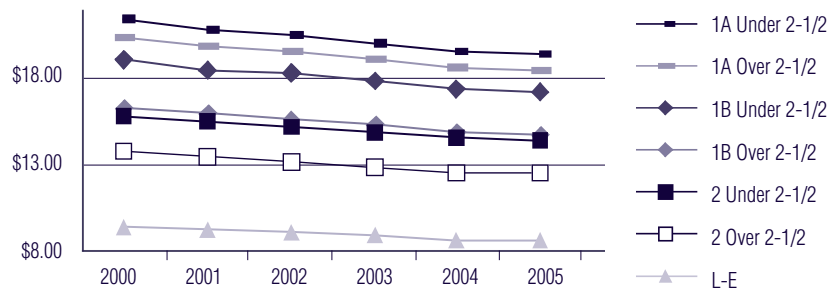
Chart 5: License-exempt provider maximum gross income compared to poverty level



Source: U.S. Department of Health and Human Services (2005), Prior HHS Poverty Guidelines and *Federal Register* References

■ License-Exempt Provider Maximum Gross Income
 ■ Poverty Level (Family of 1)

Chart 6: Real value of state reimbursement rates, 2000-2005



Source: Illinois Department of Human Services, Child Care Payment Rates; American Institute for Economic Research, Cost of Living Calculator

The real value of subsidy rates have steadily declined in recent years. Subsidy rates have not risen since 2000, while the cost of living has increased approximately 10% during that time.²⁸ [See Chart 6.] For a provider with an of income of \$11,000 a year, that would be a loss of approximately \$1,100, dropping the real value of her income to \$9,900.

Tackling Low Compensation and Turnover: Great START

Great START (Strategies To Attract and Retain Teachers) is a program designed to help boost provider incomes, while encouraging quality care. It provides income supplements to licensed family child care providers (as well as child care center staff) who have attained various levels of education. It has proven successful among those it reaches; a 2004 evaluation by the University of Illinois at Urbana-Champaign found that over 90% of participants reported that Great START made them want to stay in their current position longer.

However, less than 10% of licensed family child care providers receive Great

START funds, and license-exempt providers are not eligible. While Great START emphasizes the importance of education, it does not offer incentives to providers who have years of experience but lack formal education. The program also cannot remedy the extremely low base subsidy rates, which make it harder for all providers to provide quality care.

High Turnover is Bad for Children

Young children need consistent, quality caregivers. The research is clear that without them, the ill effects will ripple through our public schools and into our communities. One recent study looked at the children of single mothers entering welfare-to-work programs. It found that the stability of care for young children—the length of time they spent with the same child care provider—had a “strong and consistent positive impact on child outcomes” such as cognitive development and school readiness.²⁹

From Neurons to Neighborhoods: The Science of Early Childhood Development (2000) summarizes the research on stability, turnover, and child development:

“In sum, the positive relation between child care quality and virtually every facet of children’s development that has been studied is one of the most consistent findings in developmental science . . . The stability of child care providers appears to be particularly important for young children’s social development, an association that is attributable to the attachments that are established between young children and more stable providers.”³⁰

Another summary of developmental research stated, “Staff turnover is an important indicator of poor-quality care because children who lose their regular caregivers tend to experience negative outcomes such as poor language and social development and, in at least one study, increased aggression.”³¹

Not only does the turnover and lack of stability itself affect children, but the result of turnover is a less experienced workforce, as well as a less educated one. As *From Neurons to Neighborhoods* also notes, “Stability and skill appear to go together. More stable providers have been found to engage in more appropriate, attentive, and engaged interactions with the children in their care.” But many providers can only afford to stay in the field for a few years before turning to a job with better wages and benefits, and it is especially hard to retain highly educated providers, who face an even larger disparity between their current compensation and that of other jobs they could obtain, such as in the public schools.

The loss of experienced and educated providers decreases the availability of quality care and education for children. And the limitations of the subsidy program make it even harder for subsidized children to take advantage of the high-quality providers who remain.

5. Unequal Access to Child Care

The amount of subsidies parents receive through Illinois' child care assistance program is far less than in many other states, and does not meet federal recommendations. As a result, families using subsidies can't afford the rates most providers charge.

Federal law mandates that families using subsidies must have the same access to child care as wealthier parents who pay for child care themselves. To do this, the government recommends that the maximum subsidy rate be no lower than the **75th percentile** of market rate—high enough to buy 75% of child care spaces, or three out of every four spaces.

However, the most recent market rate study indicates that Illinois is falling far short of that level. It shows that subsidies are rarely high enough to purchase more than one of every three child care spaces. For some types of care, subsidies only enable parents to purchase one of every five slots. [See Table 6.] A recent poll of licensed family child care providers receiving subsidies in Illinois found that only one-third said the state subsidy rates were equal to or higher than what they charged private-paying parents.³²

Many other states have much higher subsidy rates. A study in 2000 found that Illinois was one of only nine states whose maximum subsidy rates for preschoolers in centers, for example, were more than \$100 per month below the 75th percentile of a recent market rate study.³³ In the five years since then, while the average cost of child care has increased more than 20%, Illinois' subsidy rates have remained stagnant.³⁴

What does “percentile of market rate” mean?

Federal guidelines recommend that parents using subsidies be able to purchase 75% of the child care slots in their community—all but the most expensive 25% of child care spaces. For subsidized parents to do that, the maximum subsidy rate has to be set at the 75th percentile. If the maximum subsidy is at the **75th percentile**, it is worth enough to cover the cost of three-quarters of all child care, but not enough to cover the cost of the most expensive 25%.

States are required to do a **market rate study** every two years to figure out how much child care slots cost. Then they find out what percentile the subsidy rates are at—what percent of all child care spots can be purchased with a subsidy. If they find that the maximum subsidy rate is at the 32nd percentile, for example, it means that a parent paying with a subsidy can only afford 32% of all child care spaces, and 68% of the spaces are too expensive to be paid for with the subsidy.

Consider a hypothetical region with only enough spaces in child care for 100 children:

- Spaces for 10 children that cost \$15/day
- Spaces for 25 children that cost \$17/day
- Spaces for 40 children that cost \$20/day
- Spaces for 25 children that cost \$22/day

A subsidy rate at the 75th percentile of market rate would be \$20 a day. \$20 can purchase 75% of the spots, or 75 out of the 100. If the subsidy rate is \$17 a day, it is at the 35th percentile, because it can only purchase 35% of the spaces.

Table 6: Maximum subsidy rates as a percentile of market rates in Illinois

Example: if the maximum subsidy rate for children under age 2-1/2 is at the 32nd percentile of market rate, that means that 32 percent of child care spaces in the region can be paid for using the subsidy and 68 percent of child care spaces are too expensive to be paid for using the subsidy.

Cook, DuPage, Kane, Kendall, Lake, and McHenry counties (1A):



Boone, Champaign, DeKalb, Kankakee, Madison, McLean, Monroe, Ogle, Peoria, Rock Island, Sangamon, St. Clair, Tazewell, Whiteside, Will, Winnebago, and Woodford counties (1B):



All other counties (2):



Source: Illinois Department of Human Services (2004). Draft: Quality for Kids, Choice for Families: Comprehensive Plan to Revise Illinois Child Care Provider Reimbursement Rates.

6. Impact of Low Subsidy Rates

When parents using the child care assistance program look for licensed family child care, they are often unable to find a provider who charges a rate that's affordable using the subsidy alone. The parent is left to approach a child care provider who charges more than the maximum subsidy rate. In this situation, there are only three options:

Parents are forced to pay more for child care. The provider asks parents to make up the difference between what the state will pay and what she normally charges. The parents are low income, and are already making a co-payment of up to 14% of their household income.

The provider accepts the subsidy child at a lower rate. The provider is already struggling to get by, but because she knows how hard it would be for the parent to pay extra, she accepts the child at the subsidy rate. In effect, the provider is personally subsidizing the child. This is a decrease in the provider's already low income and contributes to turnover, as well as to a reluctance to accept subsidized children.

The child is turned away. Because of low subsidy rates, the provider may only accept a certain number of subsidized children, or none at all. When the provider is faced with a request from a subsidized parent, she may have no choice but to turn the family away.



Sandy Soule helps Erin

License-Exempt Care and Equal Access

Parents often turn to license-exempt care when they are unable to find licensed care they can afford or that will accommodate their needs for flexible and/or non-traditional hours. Many parents strongly prefer the convenience and close-knit feel of license-exempt care. The Illinois Study of License-Exempt Child Care found that 81% of the parents in a series of focus groups were very satisfied with their license-exempt child care arrangements. These parents spoke highly about the trust and confidence they placed in their license-exempt providers, as well as the convenience and flexibility their arrangements allowed them, among other benefits. (Anderson et al.)

But for parents to find subsidized license-exempt child care, they must find someone to care for their child who is both willing and able to provide care in exchange for less than \$7,500 annually for working a full-time job. Even if the provider is willing, the \$9.48 per child per day subsidy severely limits the quality of care the provider can afford to offer.

For these parents to use their chosen type of care, and to ensure that their children receive quality care and education, license-exempt providers must be compensated more generously for the work they do.



Home-based child care providers Olivia Hopkins, left, and Dorothy Anderson.

How Low Subsidies Limit Access to One Quality Child Care Home

Providing child care is Dorothy Anderson's dream.

"The pay is bad, but the gratification is greater than anything," said Dorothy, who has no health insurance. "Because you feel like you're making a difference in the children's lives."

Dorothy is a licensed family child care provider in Chicago who fills the days of the children she cares for with books, toys, activities, and "a musical environment that stimulates the kids." She spends her evenings and Saturdays at school working toward an associate degree in child development, because "the more you know, the better you can do for the children ... if there are things I can do better, I want to know."

One of the things she would like to do is to be able to serve more subsidized, low-income children. But that's just not possible with how low the rates are, she said. State rates are only a fraction (about two-thirds) of the amount she gets from private-pay parents. And she's determined not to charge the subsidized parents the difference. "It's very difficult for them even paying the co-pay," she said of subsidized parents. "They really can't afford to pay my rate." So instead she accepts into her care half subsidized and half private-pay children.

"I don't mind having up to 50% subsidized kids, because you want to provide services to them," said Dorothy. "But I need to have the majority private. It's a struggle month to month to have your bills paid."



Conclusion/Recommendations

“Mama exhorted her children at every opportunity to ‘jump at de sun.’ We might not land on the sun, but at least we would get off the ground.” What Zora Neale Hurston wrote in 1942 is affirmed by decades of early child development and education research. When our expectations of children are high, they achieve. When they are taught, they learn. When they are consistently nurtured, they thrive.

How do we educate children to jump at the sun? Many texts have been written to answer this question, but one conclusion has been repeatedly affirmed: it starts at birth. ***Quality early care and education is crucial to the long-term success of our state’s children.*** With the most at-risk populations—those growing up in poverty—early care and education can have a profound effect on later educational success, and consequently on the high drop out, drug use and crime rates that plague communities that barely get to glimpse the sun, let alone jump at it.

Many committed, qualified and loving caregivers open their homes to take care of children. But if we are to retain these quality child care providers, if we are to have them do the work from which the entire community benefits, we must face this reality: ***child care must be a job that allows child care workers to support their own families as well as care for children of others.*** Too often, child care providers live in poverty. Too often, child care providers have no health care coverage. This results in instability for our children, for our communities and for our state.

SEIU Local 880, the union of more than 50,000 home health and home child care providers in Illinois, is committed to a course of action that will improve the quality of child care in Illinois, and improve the jobs of those who provide that care. Specifically, ***Local 880 is organizing to improve the quality of early care and education by urging the following changes in Illinois:***

- 1) Expanding access to, and incentives for, **early childhood development training** and education for home child care providers who provide care through the Illinois Childcare Assistance Program.
- 2) Expanding eligibility and **co-pays for subsidized child care** for low-income families to ensure that no family is forced to spend more than 15% of their family income on childcare.
- 3) **Raising subsidy rates and securing affordable health insurance** for home child care providers to make home child care a quality job with living wages and quality benefits.
- 4) Expanding **collective bargaining laws** to ensure a voice for home child care providers so that they can more effectively work for and implement measures to improve the quality of early child care and education.



ENDNOTES

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- ²⁴ Calculated using subsidy rates for two full-time children under 2 1/2, four full-time children over 2 1/2, and two part-time children over 2 1/2, plus food program reimbursements of breakfast, lunch, and a snack for full-time children and one snack for part-time children. 62 hours per week (Ramsburg et al) and 43% of child care income going to child care expenses (providers with 3 to 8 children from Helburn et al).
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Appendix A: Children Using Subsidy Certificates for Home-Based Child Care, By County

County	Licensed (all ages)	License-Exempt (birth-5)	County	Licensed (all ages)	License-Exempt (birth-5)
ADAMS	495	191	LEE	73	303
ALEXANDER	45	134	LIVINGSTON	33	138
BOND	14	31	LOGAN	13	154
BOONE	52	41	MACON	337	318
BROWN	7	3	MACOUPIN	22	608
BUREAU	18	33	MADISON	318	2,886
CARROLL	29	4	MARION	157	856
CASS	64	30	MARSHALL	11	30
CALHOUN	0	27	MASON	11	80
CHAMPAIGN	1,342	599	MASSAC	34	67
CHRISTIAN	47	54	MCDONOUGH	16	2,752
CLARK	72	25	MCHENRY	84	1,529
CLAY	28	28	MCLEAN	175	1,075
CLINTON	55	55	MENARD	23	73
COLES	130	83	MERCER	9	182
COOK	8,352	33,210	MONROE	0	411
CRAWFORD	27	47	MONTGOMERY	27	174
CUMBERLAND	33	13	MORGAN	156	464
DEKALB	79	56	MOULTRIE	36	92
DEWITT	15	36	OGLE	122	347
DOUGLAS	25	35	PEORIA	307	3,048
DUPAGE	120	272	PERRY	4	259
EDGAR	74	40	PIATT	5	87
EDWARDS	0	9	PIKE	51	125
EFFINGHAM	73	55	POPE	20	0
FAYETTE	86	56	PULASKI	12	90
FORD	16	18	PUTNAM	0	29
FRANKLIN	95	137	RANDOLPH	24	266
FULTON	17	48	RICHLAND	54	209
GALLATIN	29	7	ROCK ISLAND	356	1,826
GREENE	11	25	SALINE	116	219
GRUNDY	7	30	SANGAMON	509	3,304
HAMILTON	6	24	SCHUYLER	27	41
HANCOCK	49	156	SCOTT	0	28
HARDIN	0	10	SHELBY	25	76
HENDERSON	1	90	STARK	4	26
HENRY	87	356	ST CLAIR	1,538	5,591
IROQUOIS	105	181	STEPHENSON	149	826
JACKSON	66	610	TAZEWELL	113	1,183
JASPER	27	131	UNION	28	138
JEFFERSON	133	729	VERMILLION	433	797
JERSEY	23	124	WABASH	49	139
JO DAVIESS	35	145	WARREN	73	276
JOHNSON	10	50	WASHINGTON	17	128
KANE	209	1,144	WAYNE	30	208
KANKAKEE	597	940	WHITE	8	120
KENDALL	6	99	WHITESIDE	143	510
KNOX	143	402	WILL	539	1,698
LAKE	1,749	5,998	WILLIAMSON	105	537
LASALLE	33	631	WINNEBAGO	1,556	5,161
LAWRENCE	44	149	WOODFORD	24	74

Appendix B: Current State of Illinois Department of Human Services Base Reimbursement Rates, effective July 1, 2000

The rates listed below are the maximum rates that the Department will pay per day.

- For care provided less than 5 hours per day, use the part-day or school age-day rate.
- For care provided from 5 through 12 hours per day, use the full-day rate.
- For care provided more than 12 hours but less than 17 hours in a day, use the full-day rate for the first 12 hours and the part-day rate for the remainder.
- For care provided from 17 through 24 hours in a day, use the full-day rate for the first 12 hours and the full-day rate for the remainder.

	GROUP IA COUNTIES				
	Cook Kendall		DuPage Lake	Kane McHenry	
	Under 2-1/2 Full-Day	Part-Day	Full-Day	2-1/2 and Older Part-Day	School Age-Day
Licensed and Licensed Exempt Day Care Center 760, 761	\$33.77	\$16.89	\$24.34	\$12.17	\$12.17
Licensed Day Care Home or Licensed Group Day Care Home 762, 763	\$21.53	\$10.77	\$20.50	\$10.25	N/A

	GROUP IB COUNTIES					
	Boone McLean Sangamon Winnebago		Champaign Monroe St. Clair Woodford	DeKalb Ogle Tazewell	Kankakee Peoria Whiteside	Madison Rock Island Will
	Under 2-1/2 Full-Day	Part-Day	Full-Day	2-1/2 and Older Part-Day	School Age-Day	
Licensed and Licensed Exempt Day Care Center 760, 761	\$33.77	\$16.89	\$20.50	\$10.25	\$11.85	
Licensed Day Care Home or Licensed Group Day Care Home 762, 763	\$19.14	\$9.57	\$16.40	\$8.20	N/A	

	GROUP II COUNTIES All other counties not listed above				
	Under 2-1/2		2-1/2 and Older		
	Full-Day	Part-Day	Full-Day	Part-Day	School Age-Day
Licensed and Licensed Exempt Day Care Center 760, 761	\$24.36	\$12.18	\$17.68	\$8.84	\$10.74
Licensed Day Care Home or Licensed Group Day Care Home 762, 763	\$16.59	\$8.30	\$13.84	\$6.92	N/A

	ALL COUNTIES	
	All Children	
	Full-Day	Part-Day
Licensed Exempt Day Care Home, Non-Relative in Child's Home or Relative 764, 765, 766, 767	\$9.48	\$4.74

You cannot charge a parent receiving subsidized child care a higher rate than you charge your private paying clients.

LOCAL 880



SEIU Local 880 is a union of more than 50,000 home health care and home child care providers in Illinois. In 1996, home-based child care providers began uniting in Local 880. Over the last nine years, childcare providers have lobbied in Springfield, where they helped win rate increases for providers, expanded eligibility to subsidized child care and health care for low-income working families, and fought against cuts to child care programs. As of this publication, more than 20,000 child care providers have signed up to be represented by SEIU Local 880.