

Executive Summary

Fundamentally, the primary responsibility for raising children remains with their parents. Nevertheless, child care is a modern-day reality that also has become a public priority because of two recent historic developments.

First is the enormous increase in need and demand for available and affordable child care -- because welfare reform is pushing hundreds of thousands of parents into the workforce, because many families cannot make ends meet without two paychecks, and because the number of children living in poverty continues to grow even in years of plenty.

Second is the compelling research documenting what teachers and parents intuitively have known for a long time: that the earliest experiences of childhood fundamentally shape a child's capacity to learn and can enable a lifetime of success.

Together these two developments present a daunting challenge to us Californians. Investing in assuring quality care for our children is both morally correct and socially smart in all of our best interests.

For parents and providers, policy makers and community leaders, these developments present monumental challenges and opportunities. As a public issue, child care creates an urgent responsibility to expand the supply of services and to increase the quality of services provided.

Most importantly, the quality and quantity of child care is currently limited by an insufficiency of high-caliber and committed care givers. We must make high-profile efforts -- higher pay, scholarships and other rewards -- to attract more professionals into the field of child care. They must be drawn by the opportunity -- defined by the State's renewed dedication to nurture our youngest citizens -- to engage in meaningful, life-affirming work.

The evidence is compelling: Public and private expenditures for child care amount to an investment. The dividends are paid out over a lifetime of higher earnings and lower criminal justice and social services expenditures.

Beyond pecuniary considerations, the moral imperative is inescapable: We now know the human costs of inadequate nurturing. And as a society, California has both the knowledge and the resources to make a significant difference in the lives of thousands of children. So many lives could be improved, the well-being of society stands to benefit from effective child care programs.

For too long, child care policies have been haunted by a seemingly unavoidable trade off. Should available public funds be spent in ways that ensure as many children as possible have a safe place to play? Or alternatively, should public resources be focused on creating high quality, early education for those children who are lucky enough to get into impacted public programs?

To pursue quality and forsake quantity results in more children left in potentially unsupervised and unsafe environments. To pursue quantity at the sacrifice of quality wastes the potential child care has to nurture a life of accomplishments and to prevent a life of failure and frustrations.

Neither is acceptable public policy for California.

The first priority should be to meet the need for safe, supervised care. Still, we owe it to our children, and their future and ours, to commit ourselves to generate the political will to find sufficient public funds for both quantity and quality care.

Our ambition to pursue both goals with equal vigor is tempered by the reality that child care is only one of many worthy investments for public funds -- and by the complication that child care services are provided through a wide variety of providers, from informal arrangements with relatives to regulated private businesses.

Nevertheless, these realities should shape the State's strategy -- not dilute its ambition.

Meeting out child care needs will require a comprehensive and integrated strategic plan.

And it will require California's parents, taxpayers and policy makers to commit the necessary resources to fund and implement that plan.

In general, the State and its partners will have to enact reforms that streamline state administration and reinforce the responsibility and capacity of individual communities to contribute their share, define their needs, and manage available resources to fill them.

Additional expenditures should be predicated on a commitment to search for and expand the most cost-effective ways to increase facilities, improve training and retention of staff and encourage private investment in child care services.

The strongest child care policies will be those that acknowledge the demographic and economic changes expanding the need for nonparental supervision and which provide parents with the best choices for meeting this need.

In preparing this report, the Commission concluded that California's existing programs and regulations lack the synergy necessary to maximize the opportunities at hand. There is no system there -- no clear and widely held goals, no alignment of efforts, no vision for how the variety of child care providers and organizations serve the common and essential purpose of fostering the potential of young lives.

After more than a year of investigation, consultation and deliberation, the Commission has reached the following findings and recommendations for "Caring for Our Children, Our Most Precious Investment."

A New Vision for Children

Finding 1: California lacks and needs an effective strategy to provide the supply of high-quality child care -- and in particular, to expand the supply of high-caliber care givers -- that working families need today to enable children to succeed later in life.

As California's child care policies have evolved, state policy makers have failed to make the array of child care programs work with the

effectiveness of an integrated system. In times of significant change, from a fiscal perspective, good planning and coordination are essential to ensuring that policy goals are clearly defined and a strategy is crafted that at least makes it possible for these goals to be reached.

Recommendation 1: The Governor and Legislature should adopt a California child care master plan to guide the State's efforts to help families and local communities meet their child care needs.

- ***Designate a qualified entity to develop the plan.*** The master plan should be developed by the Child Development Policy Advisory Committee, in consultation with the Department of Education and the Department of Social Services. The mandate and resources of the Committee should be expanded to reflect its responsibility for developing the plan.
- ***Assure universal access to child care.*** The master plan should be founded on a commitment by the State that ensures working families have access to affordable, stable and high-quality child care. Particular attention must be paid to the range of needs, including off-hour care and care for children with disabilities.
- ***Emphasize child development needs.*** The master plan should be based on the latest child development research and should define overarching state goals for child care and map out specific actions needed to accomplish those goals. It should identify issues where additional research is warranted, including the quality of license-exempt care, and identify potential funding sources.
- ***Address staff shortages.*** The master plan should quantify and address the persistent shortage of dedicated, talented and trained care givers and expand the supply and increase the quality of child care.
- ***Give local needs priority.*** The master plan should be based on detailed neighborhood-level assessments of child care needs and supply. The assessments should be funded by the State and conducted by local planning councils in accordance with pre-set deadlines. The plan should assess the gaps between need and supply within and among counties. Thereupon, the plan should provide a mechanism for allocating resources that is guided by broad state policy goals, but based on locally identified needs.

- ***Streamline the State's role.*** A fundamental goal of the master plan should be to streamline the State's role based on its historic role in promoting early education. To accomplish that purpose, the plan should provide for improved collaboration between the Department of Education and the Department of Social Services, or the consolidation of the State's child care activities into one organization.
- ***Require legislative approval.*** The child care master plan should be completed within two years and submitted to the Legislature for approval. The plan should be updated every five years to ensure that developing concerns are identified and addressed in a timely manner.

Availability For All

Finding 2: Shortages of licensed child care extend throughout the state and are especially severe in low-income, rural and minority communities. Even where child care is available, it is often inaccessible to families because of cost, location or other factors.

The State has a formally declared interest in expanding child care services to meet the needs of California's families -- whether or not these children are eligible for publicly assisted programs. Yet by expert estimates, California has a shortage of nearly 1.5 million licensed child care spaces. This estimate likely understates the demand for child care services, and it masks the uneven distribution of child care across the state. In many poor, minority and rural communities of California, child care is scarce. Particular services -- such as care for infants, care during evening and weekend hours and care for children with disabilities -- also are in short supply. Welfare reform is putting even greater strains on the supply of child care.

Recommendation 2: Guided by the child care master plan, the Governor and the Legislature should set a goal of expanding California's child care capacity so all Californians have access to these services.

- ***Make better use of existing public facilities and programs.*** The State should expand school-based child care services by funding portable buildings and incorporating child care facilities into standard school designs. Similarly, park and recreation districts could be better utilized by better coordinating their programs with state and local child care efforts. And the State should make more

funding available for child care coordinators in counties and cities desiring to establish that position.

- ***Encourage greater use of private child care centers and family homes.*** The State should assess the potential for filling vacancies in existing private child care centers and family care homes and provide incentives for providers to fill the vacancies. The State should develop a model zoning ordinance for adoption by local agencies that would allow for large family child care homes to be a permitted use within residential areas so long as providers self-certify compliance with parking and noise ordinances. Grants also could be provided to local communities enabling them to waive permit fees charged to providers seeking to expand child care facilities.
- ***Expand the role of nonprofit foundations and the private sector in developing facilities and providing child care.*** The State should expand tax incentives to encourage employers to develop facilities and to provide child care for low-wage employees. Similarly, the State should provide incentives for small business owners to collaborate to provide child care.
- ***Focus public investment in areas of greatest need.*** The State should establish a five-year grant program, targeted to regions of the state in greatest need of child care services, to enable local agencies and private providers to build child care facilities and to acquire and renovate existing facilities. The State should expand its revolving loan fund to increase investment in new facilities. And the State should investigate the need for underwriting reform in liability insurance for special needs care givers and, if necessary, establish an assigned risk pool to provide liability insurance to providers caring for special needs children.
- ***Improve resource and referral agencies.*** The visibility of these agencies could be raised through an orchestrated outreach effort. The quality of the agencies could be improved by requiring R&R staff to be trained so they are prepared to help parents understand the services that are available, as well as help parents learn the basics of parenting.
- ***Expand lists of licensed providers.*** The Governor and Legislature should require the Department of Social Services to provide listings of licensed child care facilities on the Internet, over the telephone, and at schools and libraries. The listings should be organized by county and should include all relevant information about the services provided, including any history of licensing infractions.

Assistance for Some

Finding 3: The State's subsidized child care system serves only a fraction of eligible families and the services provided are not well-matched to the needs of local communities.

The State's subsidized child care system is intended to provide care for poor families who need child care in order to work outside the home or attend job training. But the system has never had enough funding to serve all persons eligible. Eleven years ago, when the Little Hoover Commission last looked at the State's subsidized child care programs, only about 7 percent of eligible families were receiving child care services. Today the system provides care for about 25 percent of those eligible for services. In fiscal year 1997-98, state subsidized child care programs served about 439,792 children. With welfare reform, an estimated 600,000 more children will need subsidized child care over the next five years -- more than doubling the number now receiving assistance.

Recommendation 3a: The Governor and the Legislature should provide sufficient funding for subsidized child care to serve all eligible families.

- ***Creatively seek to leverage public resources.*** If welfare reform is to be successful and if working poor families and former welfare recipients are to stay off welfare, the State must make a commitment to subsidize quality and safe supervision for needy children. The State should supply enough funding to provide subsidized child care to all eligible families based on the needs defined by the master plan. The funding could be provided by increasing state money for subsidized care and by leveraging state funding through foundations and the private sector.
- ***Make sure parents understand their options.*** The Governor and the Legislature should direct the Department of Education to design a public outreach program to advise low-income, non-welfare families about the availability of subsidized child care.

Recommendation 3b: The Governor and the Legislature should fundamentally reform the State's subsidized child care funding and contracting mechanisms to better serve local needs.

- ***Collapse program categories.*** The Governor and the Legislature should consolidate the Department of Education's subsidized child care programs into no more than three broad categories with uniform eligibility and reporting requirements. The program categories should be consistent with overall state goals identified in the master plan and with local needs assessments.
- ***Tie reimbursements to market rates.*** The State should link the reimbursement rates paid to all providers who offer care to subsidized children to the prevailing market rate in the community where the care is offered and to the added costs of meeting state program requirements.
- ***Provide funding in block grants.*** Once the State's child care master plan is developed and local child care needs assessments are completed, the Governor and the Legislature should provide child care funding to the counties in the form of block grants. The amount of the grants should be determined by local needs assessments and by county low-income demographic data. The grants should be used to support child care services that meet state-established family eligibility and provider quality standards.
- ***Reform the contracting process.*** In the short-term, until the master plan is developed and block grant funding has been instituted, the Department of Education should establish a pilot program to test alternatives to the present system of contracting for subsidized child care services. Those reforms should be guided by the results of the department's prototype contracting study.

Quality Throughout

Finding 4: Despite research showing that the care provided to infants and toddlers significantly affects the child's capacity to learn and succeed in later life, state policies and other factors subvert the goal of assuring all children receive high-quality care and early education opportunities.

By the time children enter kindergarten, their personality and capacity for learning have already been largely shaped by their life experiences. The most critical part of that development occurs in the first three years of life, when the brain builds the physical foundation for learning and a child's experiences shape personality traits and behavioral characteristics. The earliest care a child receives represents a once-in-a-lifetime opportunity to encourage academic, social and career success.

Recommendation 4: The State should undertake a broad-based effort to improve the quality of child care available to children and to expand opportunities for early education.

- ***Improve the quality of care in licensed centers and family child care homes.*** The State should increase the reimbursement rates paid to contractors in the Department of Education subsidized child care program to enable providers to increase the salaries of child care workers. The salaries should be scaled according to the child development permit matrix to reflect the care giver's level of training. Centers also could be paid a higher rate if they have received accreditation by the National Association for the Education of Young Children.
- ***Improve the quality of license-exempt care.*** The Governor and the Legislature should enact legislation requiring relatives providing license-exempt care to pass a TrustLine background clearance in order to be paid for providing subsidized child care. Legislation also should be enacted requiring license-exempt providers to pass health and safety inspections conducted by the Department of Social Services in order to be paid for providing subsidized child care. Legislation also should be enacted allowing the State to pay higher reimbursement rates to license-exempt providers who have undergone training in child development and to provide incentives for exempt providers to open licensed family day-care homes.
- ***Create incentives for providers to meet off-hour needs with quality care.*** The Governor and the Legislature should enact legislation allowing the State to pay higher reimbursement rates in its subsidized programs to providers who offer care during non-traditional work hours or to disabled children, who offer a range of support services to families and who have undergone additional training to offer high levels of care to children.
- ***Create incentives for people to enter the field and receive more training.*** The Governor and the Legislature should enact legislation expanding scholarships and providing tuition credits for students undergoing training to become child care workers. Legislation also should be enacted requiring family child care providers to undergo training in early childhood education, including requirements for annual continuing education in the field.
- ***Expand opportunities for children to attend preschool.*** While the Commission did not extensively study the concept of universal preschool, the issue is central to the State's long-term pursuit of

high quality early child development programs. The State should fund an in-depth academic investigation of the potential to provide preschool education to all three- and four-year-olds in the state. The State should fund pilot projects in a cross-section of California school districts to test the potential for providing preschool education on a voluntary basis to all three- and four-year-olds. The State should provide seed money and technical assistance to local agencies and private providers in counties lacking preschool opportunities to help them to develop early education programs.