Financing Child Care: Analysis and Recommendations

Young children need the daily nurturance and guidance of an adult in order to thrive. Mothers have traditionally provided these basics, but other arrangements have become necessary as women have flooded into the paid labor force. In 1975, some 39% of women with children under the age of six were in the labor force; by 1994, more than 60% were employed. Child care is a necessity for most of these families. More than half of all infants under one year of age, and more than 12 million children under the age of five years regularly spend at least some time in the care of someone other than their parents. (See the article by Hofferth in this journal issue.)

Child care services include part-day or full-day care in centers, schools, and caregivers’ homes; care by relatives, neighbors, or friends; and care by au pairs, nannies, or sitters in the children’s own homes. Although these services are known by many names (for example, day care, child care, preschool, Head Start, prekindergarten, early childhood education, and early childhood care and education), all are referred to as “child care” services in this Analysis because they all share the essential element of providing care for children.

The nature of that care can powerfully affect children and their families for good or ill. As we reported in the Winter 1995 issue of The Future of Children, child care can prepare children cognitively and socially for school, and the best of child care programs can set children on paths that lead to long-term benefits, including greater productivity as adults. If the quality of child care is low, children learn more slowly, and they are less able to get along with other children. (See Helburn and Howes in this journal issue.) And, for parents who must work, child care services that are stable and of high quality make it easier to find and keep jobs. (See Hofferth in this journal issue.)

Because of these benefits, especially the benefits for children, we believe that the nation should invest the funds needed to ensure that all children...
have access to child care and child-rearing experiences that will promote their development. To some extent, such investment has begun. Parents; local, state, and federal governments; and the private sector together spend about $40 billion each year to purchase or subsidize the cost of child care services for children of all ages. Still, as the articles in this journal issue suggest, significant problems in the child care system remain. The fitful evolution of public funding for child care has resulted in an unwieldy collection of agencies administering a jumble of tax-based subsidies, which primarily benefit the rich, and direct subsidies, which primarily benefit the poor. Spot scarcities of care, costs to some parents that rival the percentage of the family budget paid for food and housing, uneven quality, and a poorly paid child care work force with high rates of turnover are some of the unfortunate products of today's funding approach.

These flaws largely result from the low level of today's financing of child care services. For example, while in 1993 families that paid for child care spent about $64 per week for each child under age five, child care experts suggest that it would cost about double that amount per child to support a child care system of the caliber needed to yield the touted developmental benefits. These estimates are examined more carefully later, but we assume that true reform, providing a universal system of support for child care and child rearing for all families with children under the age of five (which is the age group that this Analysis primarily focuses on), will require a national investment on the order of $120 billion annually, or about $6,000 per child per year. This amount is only a little more than the $5,583 that the nation now spends annually for each child in the part-day, part-year K-12 public education system (see article by Zigler and Finn-Stevenson in this journal issue), but it is obviously a considerable increase over current child care expenditures. We believe that such a national investment is warranted because high-quality child care services can lead to significant benefits for children, parents, business, and society generally, especially if those services are designed to promote child development.

But how should the financing of child care be reformed? Four main approaches for reform have been suggested: (1) consolidating existing federal child care subsidies into a single block grant, (2) financing and delivering child care services through the public education system, (3) initiating a paid parental leave system, and (4) supporting child rearing by providing child allowances to families. A number of mechanisms also have been proposed to raise the dollars needed for change.

We conclude that each of these proposals and mechanisms has substantial strengths and weaknesses: Each will remedy different problems in the current child care system, and each will face opposition from different quarters. Even taking weaknesses into account, we believe that each could yield significant advantages to children and families, depending upon the details of the eventual plan. Rather than recommending any one approach, therefore, we suggest several principles that should be used to guide financing reform, no matter which specific approach is eventually selected.

This Analysis begins with a brief description of current funding for child care services and continues with a review of the problems in the child care sys-
Funding for Child Care

The articles by Cohen and by Stoney and Greenberg in this journal issue summarize the history of federal funding for child care and examine the variety of funding streams that pay for those services. Stoney and Greenberg suggest that perhaps $40 billion is spent annually on child care programs for children from birth through school age. Of those funds, about 50% come from parents, 45% from federal, state, and local government, and perhaps 5% from business, philanthropy, and other donations. These numbers are very rough approximations because precise data are largely unavailable. How much is spent only on children under age five is unknown.

Private Expenditures

Parents, corporations, community agencies, and philanthropy contribute about 55% of all child care expenditures. Of that, parents pay the largest amount (about $23.6 billion before tax credits or other tax-based subsidies for child care).

Figures for corporate expenditures are inexact, but a 1995 survey indicated that 85% of 1,050 major employers offer some type of child care assistance to their employees, although most small businesses apparently do not. In addition, foundation and United Way contributions for child care total about $210 million each year. Many child care programs also receive charitable donations such as rent-free space, volunteer time, or supplies that may offset about 10% of child care centers’ annual budget (see Helburn and Howes in this journal issue), but the overall value of these donations is unknown.

Public Expenditures

All levels of government provide funding for child care, with the federal government providing the greatest percentage. Across all levels of government, subsidy programs have been designed to help families of multiple income levels and to produce multiple outcomes—usual goals are either to promote child development or to help women work.

Federal Funding

In 1994, the General Accounting Office identified more than 90 funding programs for child care, administered by 11 federal agencies. However, as Stoney and Greenberg report, a few key programs dominate federal spending. These include six direct-subsidy programs for poor and working poor families (Head Start, the Child and Adult Care Food Program, Title IV-A “At-Risk,” the Child Care and Development Block Grant, Family Support Act/JOBS child care dollars, and Transitional Child Care) and two tax-based subsidy programs that serve a broader range of families (the Child and Dependent Care Tax Credit, and the Dependent Care Assistance Program). Overall, federal support for child care has doubled since 1980, and, for low-income families, the amount has almost tripled.

Among direct-subsidy programs, Head Start began in the 1960s as a program to help prepare children from low-income families for school and life, and is now the single largest federally funded early childhood program at $3.5 billion in 1995. Head Start operates primarily as a part-day, part-year program, which makes it difficult for working parents to participate. The Child and Adult Care Food Program provided up to $1.6 billion to child care programs in 1995 to help feed children from low-income families. The other primary direct-subsidy programs provided $2.17 billion in 1995 for child care payments to encourage work and decrease welfare dependency among the poor and working poor.

The two primary tax-based subsidies for child care are designed to help working parents recoup some of their child care costs or to encourage employers to help their employees with child care expenses. The Child and Dependent Care Tax Credit (CDCTC) used by individuals is expected to cost the federal government $2.8 billion.
in 1995 through lost tax revenues, and the Dependent Care Assistance Program (DCAP), which operates through employers, is expected to cost $675 million in 1994. These tax-based subsidy programs disproportionately benefit middle- and upper-income families: In 1994, only 14% of the benefits of the tax credit, for example, went to families earning less than $20,000 per year, while 39% went to families earning more than $50,000, according to Stoney and Greenberg in this journal issue.

**State and Local Funding**

Like the federal government, state and local governments provide perhaps $1 to $2 billion annually to support both full-day child care and part-day preschool services. As much as $720 million of that sum is a required match to draw down federal funds for child care (see Stoney and Greenberg in this journal issue). In most states, the remaining funds primarily go to part-day state preschool programs or to supplement federal funding for Head Start programs.

**Problems in Today’s Child Care System**

Even with these fairly substantial levels of investment, the child care system is not without problems. The articles by Hofferth, by Helburn and Howes, and by Stoney and Greenberg detail five major areas of concern about child care: (1) complicated funding systems that vex administrators and families, (2) limited availability of services, (3) lack of affordability, (4) poor or mediocre quality of care, and (5) a poorly paid child care work force with high turnover rates. All these factors combine to create inequities in access to high-quality services across families with different income levels.

**Complicated Funding Systems**

The many public funding streams for child care create complexities for child care programs, administrators, families, and Congress. For example, families and providers face varying eligibility procedures for different funding streams, inconsistent reimbursement rates across programs, and inflexible eligibility criteria that do not accommodate changing family circumstances. As Stoney and Greenberg detail, these issues can mean that some low-income families receive child care subsidies while others in very similar economic circumstances do not. In addition, families sometimes must change child care programs as their categorical eligibility for child care subsidies changes, disrupting the children’s relationships with their caregivers.

The sheer number of funding streams and the different programs they have spawned almost guarantee at least some duplication of effort across programs and more than a little competition among programs for resources, children to enroll, staff, and space. In addition, the many programs mean that there is no single authority with responsibility for them at the state or federal levels and no single congressional committee with oversight responsibility.

**Limited Availability of Services**

The question of whether limited availability is a problem—that is, whether shortages in child care services exist—has been addressed in various ways. One can determine the number of children left without adult supervision or compare the number of children who potentially need child care with the number of spaces in child care programs. More fine-grained analyses assess the number of spaces available that match the needs of the children seeking care or measure changes in child care prices to gauge whether demand is exceeding supply.

As Hofferth describes in this journal issue, the first two approaches above suggest that there is no shortage of child care in an absolute numerical sense. In 1995, for example, almost no children under the age of five were without adult supervision. Of the 21 million children under age five not enrolled in school, 40% were cared for by their parents, 31% were in center-based programs, 21% were cared for by relatives, 14% were in family child care homes (programs in which a provider cares for unrelated children in her own home), and 4% were watched by sitters (nonrelatives who care for children in the children’s own homes).

Favoring a fine-grained analysis, however, the National Academy of Sciences has concluded, “There is consistent evidence of a relatively low supply of care for infants, for school-age children, for children with disabilities and special health care needs, and for parents with unconventional or shifting
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The child care spaces that are available, conveniently located, and affordable may not be in the settings that parents prefer or that are best for children. For example, relatively few of the spaces in child care centers are for infants, centers are scarce in some communities, and centers rarely provide care in the evenings or on weekends when shift-workers need them.

The children affected by such situations rarely go without care; instead, they are likely to be cared for by individuals such as neighbors or relatives, who are often exempt from the state licensing regulations that govern most other child care programs. (See Hofferth in this journal issue.) While these children are not unsupervised, they may be in settings of highly variable quality.

Lack of Affordability of Care
The fact that prices for child care have been rising also provides evidence that general demand for child care may exceed supply. In this journal issue, Hofferth reports that the amount paid by parents per hour of child care remained fairly steady between 1975 and 1990, but rose markedly between 1990 and 1993.

These child care costs place large burdens on families. On average, families with a child under age five spent about 8% of their incomes on child care for all their children. In contrast, families in poverty who paid for care spent about 18% of their incomes on child care.

The burden of paying for child care makes child care subsidies very important to families. States report long waiting lists for families seeking subsidies for child care. A 1995 report from the General Accounting Office, for example, indicated about 40,000 children on such waiting lists in Texas, 19,000 in Florida, and 7,000 in Minnesota.

As Helburn and Howes report in this journal issue, center-based child care is typically more expensive than other forms of care, and so it is perhaps not surprising that there remain sharp differences in rates of enrollment in center-based child care programs across families of different income levels. Hofferth reports that in 1991, 45% of three- to five-year-olds from poor families attended child care centers, as compared with 75% of children from families with incomes of more than $50,000 per year. This disparity is important given the evidence that enrollment in high-quality center-based early childhood programs can help set disadvantaged children on a path of success in school and later life.

Poor or Mediocre Quality
The quality of child care programs has been measured extensively in the United States, as Helburn and Howes report in this journal issue. Generally, results indicate that children prosper cognitively, emotionally, and socially in programs with fewer children per group or per adult staff member, with caregivers who are sensitive and responsive to children, with well-educated and well-paid staff, and with low staff turnover. Unfortunately, child care programs with these characteristics are rare.

Among children of all income levels in child care centers, about 15% are thought to be in child care centers of such poor quality that their health or development is threatened. Such settings might have clear safety hazards such as broken glass on the floor or poor sanitation practices, unresponsive caregivers, or few toys for the children. About the same percentage of children are thought to be in child care centers that actually promote child development—that is, they are in programs that have the positive characteristics described above. The remaining 70% are in centers that are only mediocre—neither helpful nor harmful. Infants are in some of the worst settings. In a 1993 study of centers serving children of all ages, the care in 40% of the classrooms serving infants was judged to be possibly injurious. Children in settings that are less well regulated than centers—in family child care homes or in the care of relatives, for example—may fare even worse. (See Helburn and Howes in this journal issue.)

Among children enrolled in center-based programs, those children from families with the lowest and highest incomes are usually in programs of higher quality than are children of the working poor or lower-middle class. Researchers speculate that this pattern of quality reflects how child care is financed: It is the working poor and lower-middle-income families who can neither obtain access to direct subsidies for
child care services nor afford to purchase higher-quality care. It is their children, therefore, who are most likely to be relegated to poor-quality centers.

Although research about the importance of quality care generally is quite compelling, it is less helpful in detailing the precise levels of quality that are necessary to generate positive developmental outcomes for different groups of children. For example, research indicates that children from low-income families may be more negatively affected by poor-quality care and may benefit more from higher-quality care than children from higher-income families, but research has not specified the critical threshold levels of quality for either income group. This concern with necessary levels of quality is important when considering any financing reform for child care because considerations of quality and comprehensiveness of services are the main determinants of child care costs.

A Poorly Paid Work Force
The quality of children's experiences in child care is largely shaped by their interactions with the child care work force, and the cost of care is largely driven by the wages staff are paid. Hofferth reports that by 1990, nearly half of all child care teachers had a four-year college degree or better, although they reaped little financial return for their education. There are virtually no differences between the wages earned by child care workers of varying levels of education and experience. Child care providers' wages are among the lowest of any profession, and they have fallen in recent years. In 1990, the annual earnings of teachers in child care centers averaged $12,399, a decline of 25% since 1976, after adjusting for changes in cost of living.

Turnover
Low staff wages obviously can cause problems for child care staff who need to earn a living, but low wages are also associated with poor-quality child care, which has negative implications for children. Low wages lead to high rates of child care staff turnover, which means that children may have little chance to form stable and nurturing relationships with the adults who care for them. In a study of child care centers, close to 39% of all child care staff (including both teachers and aides) left their jobs in 1993, in contrast to a 10% turnover rate among employees in all professions in 1992.

A World That Never Was
Solutions to these child care problems are difficult to craft because the problems are interrelated, and solving one may aggravate another. If wages increase, costs increase, which means that families may have even more trouble paying for care. If quality increases (perhaps by requiring better trained staff or by decreasing the number of children each staff person can care for), then again, costs are likely to rise, decreasing both affordability and availability of care. The economist Victor Fuchs summarizes the situation: "To want simultaneously to hold down the cost of care, reduce the child/worker ratio and increase the pay and qualifications of child care workers is to wish for a world that never was and never will be."

We agree that costs must increase if positive change is to occur, but we believe that the problems identified above are serious enough to warrant that change—and its attendant costs.

RECOMMENDATION
- Additional funding is needed to change and improve the child care system.

Whose Responsibility Is Change?
Who should pay more for child care? Parents, government, and business and philanthropy currently share the burden of paying for child care services. We believe that these shared commitments are appropriate because the ability of child care to both promote child development and facilitate parental employment benefits families, business, and society. We believe, however, that a greater public investment is necessary because, in the long run, society generally benefits most from child care.

Benefits of Child Care for Children, Parents, and Society
Child development research reported by Helburn and Howes in this journal issue...
indicates that children who are in high-quality programs are more likely to be emotionally secure, proficient in language use, able to regulate aggressiveness, and cognitively advanced, at least in the short term. High-quality care is especially important for children from low-income families. Studies of early-intervention programs for children from disadvantaged families indicate that children in child care may demonstrate long-term benefits as well, including enhanced school achievement, decreased placements in special education programs, higher lifetime earnings, and decreased involvement with the criminal justice system.22

Women now constitute 46% of the American labor force.30 Their ability to find the child care that will allow them to work is therefore important to the economic well-being of their families, to American business, and to society as a whole. Parents are more likely to work if child care is inexpensive, and they are less likely to miss work or leave their jobs if child care is stable, conveniently located, of good quality, and satisfactory to them.31-33 The affordability of child care can have especially profound effects for low-income families: The government's General Accounting Office suggests that subsidizing completely the child care costs of low-income women would lead to a 15% increase in employment of poor mothers. (See Hofferth in this journal issue.)

In short, child care helps parents reach and maintain economic self-sufficiency. It helps business expand and increase the stability of the current labor pool and build the next generation's labor pool. And it helps society as a whole by preparing children to become productive citizens. Families, business, and government all benefit from child care, so they should continue and expand their existing commitment to it.

The Special Role of Government

We believe, however, that government has a special role to play. Economists have contended that the United States does not invest enough in its young children generally34,35 and some have suggested that government intervention in the child care market might be warranted.27 In general, economists say that there should be government intervention in a private market when inefficiency exists in the market that prevents it from operating in a way that maximizes consumer welfare or when the market, left alone, results in inequitable distribution of important goods or services.36 The articles by Hofferth and by Helburn and Howes in this journal issue suggest that both inefficiency and inequity are present in the child care market.

The articles suggest one potential source of inefficiency in the child care market is that parents, who purchase the care their children receive, are often poorly informed or unable to discern the quality of the child care settings in which they place their children, and so they do not generate sufficient demand for quality care. Without sufficient demand for quality care from those who purchase it, child care providers have little incentive to increase the quality of their programs because they cannot charge prices high enough to cover the costs of higher-quality child care.

Although educational campaigns might help parents learn to identify quality child care settings, such campaigns would not address the second key issue: inequities in the child care system that are linked to parent income. Parents can only purchase the care they can afford. If parents cannot afford the higher cost of center-based care or of higher-quality care, they will not be able to purchase it, even if training teaches them to recognize it. Even after training, therefore, families of different income levels will continue to have very different child care experiences with respect to the quality and type of child care in which their children are placed.

Of course, one must be convinced that child care is an important service before recommending government intervention. One would not necessarily argue that the government ought to intervene to assure equitable access to yachts, for example. Intervention is warranted when (1) the service is a merit good, such as food or medical care, so important to the individual that "it ought to be available to everyone in a decent society, regardless of their income and behavior;"37 or (2) when the service is a collective good, a service "the consumption of which benefits individuals other than the direct consumers."38

Experts have argued that child care services are both. They suggest child care is a
merit good because it is necessary for parents who need to work; preventing their access to it effectively consigns those parents to a life of poverty and their children to inadequate care. Child care has been called a collective good because the services produce long-term benefits for children and families that accrue to society generally as well as to the individuals involved. In the case of collective goods, parents are unlikely to be able to purchase child care services of sufficient quality to yield the long-term benefits that society desires. Indeed, as Helburn and Howes report in this journal issue, child care centers that rely solely upon parent fees tend to provide care of lesser quality than do those that have other sources of revenue.

In sum, the problems in the child care system provide evidence that relying upon current funding levels, or upon parents and corporations alone, will not address the inefficiency that exists within it, nor will it ensure that families, particularly low-income families, are able to access services that will produce the long-term benefits that society as a whole ultimately should want.

**RECOMMENDATION**

- Families, business, and government all benefit from child care services and should therefore support them, but the role of government in financing child care should be expanded.

**Evaluating Plans for Reform**

Many proposals for reforming the financing and provision of child care have been offered in recent years, each with its own strengths and weaknesses. To weigh these proposals, each must be considered first in relation to the overall reason for public support for child care services, which is expressed in identified goals (such as to promote child development or to decrease welfare dependency). Second, proposals should be assessed in light of their ability to address the problems of affordability, quality, availability, the child care workforce, and administrative complexity. Obviously, trade-offs will be necessary among these goals, but the best proposals will be those that have the greatest chance of addressing these pressing problems we have discussed.

At one time or another, proposed goals for public support of child care services have included the following: to promote healthy child development for all children, to compensate for children’s early deprivation, to provide increased incentives for women to work, to decrease welfare dependency, to prevent labor shortages or increase the labor pool, and to help integrate all children within the social mainstream, and to enhance parent choice and responsibility in child rearing.

Although child care may not be the only or the best policy alternative to address each of these goals, it can certainly play a role in so doing. Nevertheless, we believe that the primary reason for government support of child care services—and the primary goal—should be the promotion of healthy child development for all children.

**RECOMMENDATION**

- The primary goal of government support for child care should be to enhance the healthy development of all children.
then public dollars allocated to promote child development or to enhance maternal employment may have been wasted.

In sum, although child care services can be critical ingredients in achieving a variety of public policy goals, we believe services should be funded with public dollars to help future generations grow and develop.

**What Are the Policy Alternatives?**

Plans for reform of the financing system for child care are plentiful and have been carefully reviewed in recent years. Generally, they fall into distinct categories: (1) proposals to pass federal child care dollars to the states in a block grant, (2) proposals to fund or deliver child care services to all families through an existing community institution such as the public schools, (3) broader proposals to expand parental leave as a means of solving the problem of infant care, and (4) still broader proposals to alter the tax system or create a child allowance to support parents’ choices for either parental or non-parental care of their children. Within each category, plans vary in how they suggest dollars should be raised and in who is to be covered. Some plans focus on child care by proposing subsidies solely for the purchase of child care services, while others focus more broadly on child rearing, by allowing parents who care for their own children to receive subsidies as well.

The following sections describe the major types of plans that have been proposed and evaluate the likelihood that examples of each will (1) meet the overall goal of enhancing children’s development and (2) address the shortcomings of the current system reviewed above. The likely cost of the proposals is discussed in a subsequent section.

**Create a Block Grant for Child Care**

The most modest reform approach would address the administrative complexities of current federal child care subsidy programs by consolidating the key federal subsidy funding streams into a single block grant given to the states to administer. One variant of this approach is described in the article by Stoney and Greenberg in this journal issue. Some argue that devolution of federal responsibility to states through a block grant could be potentially positive because, in addition to decreasing administrative complexity, it could lead to better, more community-based planning of how child care dollars should be used.

Although a block grant could potentially yield a more streamlined and community-focused system, it would only increase child care affordability or availability if substantial increases in dollars were provided. Moreover, a key concern with any block grant is the extent to which federal oversight related to program quality is weakened. Only Head Start now requires its grantees to meet detailed performance standards, but other child care federal subsidy programs (for example, the Child Care and Development Block Grant) do earmark a certain percentage of federal funds to enhance program quality. Given freedom from federal requirements, states might be tempted to shift those dollars away from quality to expand services and help more mothers enter the work force. As suggested above, we believe that such a shift would be unwise.

**Provide Universal Child Care Through an Existing Institution**

Proponents of plans to link child care with an existing community-based institution have suggested that child care services could be delivered through the public schools, especially for three- to five-year-olds, or through Head Start, which is a well-established institution in many communities, or, as is the case in parts of nations such as France and Italy through the medical system for infants and toddlers. The school-linked option, an example of which is the School of the 21st Century described in this journal issue by Zigler and Finn-Stevenson, is probably the most frequently discussed option. Advantages of a school-based option include the public’s familiarity with, support for, and understanding of the schools. Voters have supported funding for K-12 education for generations. Placing child care in such a context could heighten the prestige of child care, could help schools adopt preschool as a natural extension of their overall mission to educate children, and could institutionalize public funding for child care services.
School-linked plans vary in whether they propose that the school system serve as a financing and delivery system for child care or as a financing system only. In other words, schools could deliver child care services, making child care staff employees of the schools and using curricula set by the schools, or independent community organizations could deliver child care services that would be financed through the same mechanisms that finance K-12 education. (Today, such funding is primarily from federal, state, and local dollars, but a wide range of other funding sources is potentially available. See the Spring 1992 issue of The Future of Children, which focused on school-linked services.) In their article, Zigler and Finn-Stevenson note that child care services are indeed delivered by community agencies in many School of the 21st Century efforts, and they propose that wide-scale services be financed by other parent fees and public dollars. This is not a minor issue; the extent to which child care becomes a program of the schools will almost certainly affect the eventual cost and quality of the services and the political viability of the whole idea.

If child care services were delivered and not just funded through the public education system, then it is likely that the wages for child care staff would increase, since preschool teachers in the public education system typically earn higher wages than do child care staff in community child care programs. (See Zigler and Finn-Stevenson in this journal issue.) Higher wages would increase costs above current costs for child care, but they could improve program quality by decreasing the staff turnover rates that can be disruptive to children’s development.

Nevertheless, a school-based system might be opposed by parents who feel poorly served by the public schools and by child care businesses who might see them as a competitive threat. Schools might find it difficult to offer services as flexibly as can less formal programs (for example, on weekends and in the evenings for families that work nontraditional hours).

If child care services were not delivered through the schools, but only financed through them, then presumably parents would be afforded a voucher of some sort, which they could use to purchase child care services in the community. That practice might lead to opposition from those members of the public and education community who object to vouchers for K-12 education and from labor unions that oppose the idea of non-unionized personnel delivering services. Moreover, because many school systems already have difficulties serving the K-12 population, raising new dollars to care for another population before children in grades K-12 are well served may be a problem.

Perhaps most important, school-linked proposals typically focus on three- to five-year-olds. If public dollars were used only to support children of those ages, then parents would be left with the very expensive task of privately purchasing care for their infants and toddlers. For that reason, some suggest that a universally available child care system for three- to five-year-olds should be coupled with a child allowance or parental leave system to support care for the youngest children.

Expand Parental Leave
Parental leave is essentially a policy option that supports traditional child rearing by parents for a set period following childbirth. European nations are increasingly pairing paid parental leave for as much as two years after childbirth with a universally available child care system for older preschoolers.

The current family leave policy of the United States, established by the 1993 Family and Medical Leave Act (FMLA), requires employers with 50 or more employees to provide eligible employees with up to 12 weeks of unpaid, job-protected leave per year to care for a newborn, newly adopted, or new foster child, or a seriously ill child, spouse, or parent, or specified other conditions. About 55% of the United States labor force is eligible for coverage by the FMLA.

Unfortunately, many parents cannot afford and therefore do not take unpaid leaves. In this journal issue, Walker proposes a paid parental leave plan that would allow families to take a one-year leave after the birth of a child. The leave would be financed by an employee-paid payroll tax,
combined with low-interest government loans, and funds would have to be repaid before retirement if employees wished to gain maximum Social Security benefits. Walker proposes coupling the leave with a child allowance for poor and working poor families. Others would link paid leaves with more liberalized child care tax credits.57

Given the scarcity, poor quality, and relative expense of child care for infants and toddlers, paid parental leave could offer parents an alternative to reliance on such care. On one hand, paid parental leave could help parents bond with their new babies, provide good-quality care for infants, relieve the stresses caused by a too-quick return to work, and help employers ensure that valued employees return to work after childbirth.48

On the other hand, a government requirement of paid leaves would probably arouse concerns that, as a dissenting member of the Commission on Family and Medical Leave wrote, "...the federal government could grow to become every employer’s personnel manager, to the detriment of employee choice, job-creation, and competitiveness."58 Government requirements for paid parental leaves could raise personnel costs and lead employers, especially those with a predominantly female work force, to decrease worker wages,59 cut back on the number of individuals they hire, especially women of childbearing age,60 and generally pass costs along to employees and consumers.59

These concerns might be mitigated if the leave were funded, as Walker suggests, by a payroll tax that was solely employee-paid. However, such a tax would raise other concerns. It would be essentially equivalent to an enforced savings plans for employees. Those employees who eventually took leaves would be as well-off if they saved money for the leaves on their own, without any government mandates.61 Those who never took leaves might view the new levy as an unfair extra tax, and they would surely suggest that it might make more sense to use some other sort of mechanism to generate the necessary dollars.

Expand Tax-Based Subsidies for Child Care or Child Rearing

Many European nations invest in child rearing by providing families with per-child cash payments called child allowances. (See the articles by Walker and by Goldberg in this journal issue.) The United States offers a number of tax-based subsidies that are more limited in scope and purpose, and proposals for change in the tax system include implementing child allowances or expanding existing tax-based subsidies so that they more closely resemble child allowances.

Tax-Based Subsidies for Child Care

Currently, the two significant federal tax-based subsidies for child care (the Child and Dependent Care Tax Credit and the Dependent Care Assistance Program) provide families with considerable latitude in their child care arrangements. Parents can use their tax credit, for example, to purchase any legal form of child care, including care that is legally exempt from licensing.

However, these subsidies primarily benefit wealthier families for three reasons: (1) Low-income families who do not owe taxes and do not file tax returns reap no benefits because the tax subsidies are not refundable; (2) families are obliged to pay out of pocket to purchase child care before benefits are computed at the end of the tax year, limiting low-income families to low-cost child care arrangements; and (3) since the amount of the credit is relatively small compared to the overall cost of child care, low-income families are again limited to low-cost child care arrangements. Proposals for reform have therefore included suggestions to (1) make the tax credit refundable,62 (2) spread payment of the credit over the year, rather than all at the end of the year, (3) increase the amount of the credit,63 or (4) prevent the wealthiest families from using it and then apply the savings toward more support for low-income families.63

These proposals, however, are unlikely to improve child care quality unless parents are taught how to choose quality child care settings.64 Because they increase parents' purchasing power, however, these proposals could increase the availability and affordability of out-of-home child care.48

Tax-Based Subsidies for Child Rearing

In addition, the United States provides other tax-based supports for child rearing (as opposed to child care) or for low-income workers, and Goldberg sees these supports
as the beginnings of child allowances. The supports include the exemption for dependent children for all families and the Earned Income Tax Credit (EITC) for the working poor. Goldberg recommends that the exemption for dependent children be changed into a refundable tax credit to turn it into the equivalent of a child allowance, and he notes that if the EITC were restricted to families with children, then it too would become equivalent to a child allowance. No matter their genesis, child allowances could be limited to low-income families, as Walker and others suggest, or distributed more broadly, including, perhaps to all families.

Child allowances permit parents an even broader range of choices than do child care tax credits: Parents receive benefits whether or not they work and whether or not children are cared for by someone other than their parents. Moreover, benefits can be spent on anything. These qualities make it less likely that child allowances will have direct effects on the child care system.

Politically, universal child allowances available to all families with children might be popular with families and might eliminate the stigma attached to current government supports for child care or child rearing (now most often associated with welfare). But a universal approach might be criticized because some might feel that too much money was going to wealthy families. Proposals such as Walker’s, which suggest that benefits decline as incomes rise and that benefits be taxed, are alternatives that could address this concern.

The Cost of Change

Many of the reforms described above have been proposed as concepts without cost estimates. In fact, each probably carries a price tag in the billions of dollars. Determining exactly how many billions depends upon a number of factors: (1) What range of child care and other services will be delivered? Tuitions for full-time child care for a three- to five-year-old averaged about $4,600 in 1993, but Head Start programs that provided three- to five-year-olds with comprehensive educational, health, nutritional, and social services cost only a little less for a part-day, part-year program ($4,343 per child in 1994). (2) Which children will be eligible for services? All children, just children from low-income families, or only children whose parents work? Infants, preschoolers, or school-aged children? The more inclusive or the younger the child, the more expensive the plan. (3) What percentage of the eligible group will participate? Currently only about 60% of children up to age five are regularly in child care, but, if benefits were broadly available, would enrollments increase?

The mathematics of change are clear but daunting. Although many permutations of quality, coverage, and services are possible, we assume that significant change will probably require on the order of $120 billion per year for any effort designed to reach all children. This calculation assumes that the existing $40 billion that government, parents, businesses, and philanthropy expend on child care would continue and that $80 billion in new funds would be needed each year.

Of the $120 billion, $100 billion would be used to provide an average of $5,000 in benefits (whether subsidies, tax credits, or child allowances) per child per year for the 20 million children under the age of five. In addition, $20 billion of the total (about $1,000 per child if expressed on a per capita basis) would be used to help strengthen the child care infrastructure—that is, to ensure adequate child care facilities, training, resource and referral services, and other quality-related aspects of the system.

Limiting benefits to families to an average of $5,000 per child per year represents about a 9% increase over the average cost of center-based care for a preschooler today. That increase is about what researchers suggest is needed to transform mediocre care into good-quality care, but it probably does not cover the cost of the highest-quality care for all 20 million children under the age of five. To provide the highest-quality care for all children would require closer to between $170 billion and $180 billion per year, assuming that high-quality child care services cost between $8,500 and $9,000 per child per year, as child care experts assert. We believe that our estimate of $120 billion would cover the cost of child care in a wide variety of settings in most communities and could help programs make marked improvements in quality.
In contrast, most recent proposals for comprehensive child care financing reform limit estimated costs to between $50 billion and $70 billion per year, by suggesting less than universal coverage or severely limiting dollars for quality-related enhancements. Costs also depend upon the financing reform proposed: Costs might be less if benefits were restricted for use in child care rather than distributed to all families via universal child allowances because some percentage of families would not choose to enroll their children in child care.

Which Mechanisms Should Be Used to Raise New Dollars?
Obviously, these dollar amounts are very significant. Some of the money could be derived through redirection of existing funds, as Walker and as Zigler and Finn-Stevenson suggest in their proposals in this journal issue. For example, Walker suggests that a child allowance for low-income and working poor families could be at least partially funded by using dollars allocated for Aid to Families with Dependent Children and various tax-based subsidies for child care and child rearing. Nevertheless, the amount required for universal reform is large enough that simple redirection of funds will not be sufficient; new revenues will have to be raised. Several mechanisms to raise new revenues have been proposed, catalogued, and analyzed extensively elsewhere, and some key alternatives are briefly reviewed below.

Primary Tax-Based Strategies
Raising one or more of the taxes now used to fund children’s services is the main way to raise new public dollars for child care. These taxes include federal individual income taxes, corporate income taxes, payroll taxes, excise taxes, and estate and gift taxes; state individual, corporate, and sales taxes; and state and local property taxes. The usual taxes proposed to finance child care services are income, payroll, and sales or excise taxes.

These taxes vary in whether they are regressive or progressive in nature. A regressive tax is one in which individuals who earn more actually pay a lower percentage of their income in taxes than do those who earn less. A regressive tax is one in which individuals who earn more actually pay a lower percentage of their income in taxes than do those who earn less. It is generally argued that progressive taxes are more equitable because they shift the tax burden to those who can shoulder it more easily. However, if tax rates are too progressive, then they may discourage work and investment.

It might seem, then, that with equity a major concern, income taxes are preferable as they are the most progressive. It is necessary, however, to keep in mind that the mechanism to raise revenues is really only half the reform. A plan that uses a relatively regressive mechanism to raise necessary revenues might nevertheless have an overall progressive result if benefits are allocated in a way that provided more assistance to low-income families. Most proposals for child care financing reform have not considered these dual effects.

Recent reviews of child care financing mechanisms were prepared as part of a project designed to examine all aspects of the child care system (the Quality 2000 project). These reviews assumed that an additional $50 billion per year would have to be raised to finance an improved child care system, rather than the additional $80 billion that we believe is necessary. Even at that, the percentage increase in taxes that would be required to raise $50 billion is significant: Personal income tax receipts would have to be increased by 10%; or payroll taxes would have to be raised to an amount equivalent to 9.25% of employees’ salaries for both employers and employees (they are currently at 7.75%); or federal excise taxes (typically taxes imposed by the government on the sale of products such as gasoline, alcohol, and cigarettes and on particular licenses or permits) would have to be increased by 50%, and a national sales tax of 10% would have to be imposed. Raising the $80 billion that this Analysis suggests is needed would require even larger increases.

Other Options
Rather than selecting only one funding mechanism, it may be preferable to consider a combination of mechanisms. Other options, more limited in scope, have been proposed to finance some of the needs of the child care system such as the
construction or renovation of child care facilities. They are described in greater detail in Appendix B, but, briefly, they include using developers’ fees or voter-approved bonds, constructing public-private loan pools, and easing regulations and underwriting requirements to permit nonprofit child care programs to obtain access to traditional private lending institutions. When these measures have been implemented, they have generated millions of dollars, but not the billions that are required for true system reform.

Still other options include lottery funds; establishing privately endowed child care scholarship funds; earmarking funds for child care through check-off boxes on income tax returns, marriage license fees, and special budget set-asides; creating special taxing districts; or increasing contributions of business and philanthropy. Fledgling efforts exist in a number of states to assess options for child care financing reform, and some of these are described in Appendix C in this journal issue, but even these efforts have rarely undertaken the economic modeling that is necessary in order to permit clear, informed choices among alternatives.

**Principles for Financing Reform**

Determining the best options from among the reform proposals and financing mechanisms discussed is difficult. Although each proposal has strengths and weaknesses, we believe that any one of them would improve the situation for children and families. Almost any one of the major financing mechanisms discussed could raise enough money to finance reform, although some would undoubtedly be more palatable politically than others. (Everyone, for example, seems to dislike increases in income taxes; states would probably object to national use of sales taxes; and business would probably object to increases in payroll taxes).

In other words, choosing among the plans is difficult because they are subject to such multiple advantages and disadvantages. In addition, most of the proposals that have emerged to date from the child care field have not been sufficiently detailed. Few have calculated the probable effects on women’s entry into the work force (and the increased tax revenues that would result), projected the percentage of families who are likely to use the benefits if they become available, estimated the actual costs of the plans, or considered the plans’ overall progressive or regressive effects on families.

Given the many advantages and disadvantages for each proposal and the paucity of clear economic modeling, we do not now recommend any single approach. Rather, we suggest that the preferred system of financing will be the system that subscribes to the following eight basic principles.

**1. Public Support for Child Care or Child Rearing Should Be Available to All Families**

The proposal that public support be extended to all families is hardly radical. We are already doing it through tax exemptions for all children, tax credits for child care that benefit primarily the middle and upper classes, and direct subsidies for child care for the poor. Of course, to say that support ought to be available to all families does not necessarily mean that all families should receive the same amount of public money. We believe, however, that such support ought to exist as an investment by this nation in the future of all its children.

**2. Lower-Income Families Should Be Given More Assistance for Child Care Than Upper-Income Families**

Although we believe that all families should be supported, we believe that low-income
families should be the first concern for public funding because the long-term child development benefits of child care most clearly accrue to children from low-income families. Thus, we favor proposals for reform that offer families graduated benefits and those mechanisms to raise new dollars that contribute to an overall progressive rather than regressive system.

(3) The Financing System Should Encourage Parental Choice
There are as many different views of appropriate child rearing as there are parents, and American society has traditionally respected the rights of parents to choose the child rearing approach that they believe is best for their children. We believe that the eventual child care financing system should continue to encourage parental choice. Benefits should enable parents to choose between caring for their own children or purchasing child care and should be large enough to permit parents some realistic range of alternatives if they do opt for non-parental child care. In addition, the eventual financing system should not eliminate existing options for care in what is a very lively mixed-sector child care market. The characteristics that foster parental choice are outlined below.

- Neutrality with respect to parental employment. If the primary purpose of public support for child care services is child development, then financing proposals for child care or child rearing should enable parents to use dollars either to purchase child care or to stay home and care for their children themselves, depending upon what they believe is best for promoting the development of their children. This suggests that proposals that limit support to child care alone (for example, expansions of child care tax credits or expansions of direct subsidies for child care services) are less desirable than those options that afford parents the option to care for their children themselves (for example, child allowances).

- Adequate benefit levels. Only a significant subsidy, child allowance, or tax break truly increases parents' options to purchase desired child care or to care for their children themselves at home. A relatively broad range of child care options is available for between $5,000 and $6,000 per child per year in most communities, and that is in part why we suggest that $120 billion per year is needed for any universal system of reform. Whether parents opt to care for their own children rather than working outside the home undoubtedly varies with parental earnings and career orientation, but economic modeling could help determine key thresholds.

(4) The Financing System Should Eliminate Inconsistencies Between Child Care and Early Education Policies
Current child care funding streams channel billions of dollars toward full-day, full-year child care programs, with the primary goal of helping women work, and billions more toward part-day, part-year programs such as Head Start and state prekindergarten programs, with the primary goal of helping children develop. This separation between programs that could and should be providing equivalent services should be eliminated. All programs should focus first on providing services to promote child development, but the services should be offered in ways that help parents work (for example, full-day instead of part-day services). There are a number of ways to do that, but certainly one is to require programs that receive public funding to coordinate their services so as to minimize disruption for children and families. Such coordination should begin with changes at the state and federal levels to bring the design, administration, and financing of these services closer together. In addition, legislative bodies should seriously review whether committee oversight arrangements, now separate, best serve the interest of children and families that use these programs.
The Reformed System Should Bring Together the Tax and Subsidy Financing Mechanisms That Affect Families

Child care policy should also be coordinated much more closely than it currently is with tax policies for families, and the mechanisms used to support families (direct versus tax-based subsidies) should be coordinated. As this Analysis indicates, some of the proposals for child care reform focus on expanding coverage or amounts of existing tax benefits. A careful review should be conducted to determine which families are benefiting from which tax subsidy programs and to model the effects that merging or expanding tax subsidy programs would have on those families. The goal should be to develop a simple-to-understand and simple-to-administer system that supports child development.

The Financing System Should Consider the Needs of Children of All Ages

Just as child care and part-day and full-day programs should be considered together, so too should services for children of different ages. Plans for reforms that focus on children in only one age group should not be implemented without considering the effects such implementation will have on other children. This means, for example, that it would be unwise to create a school-based system for three- and four-year-olds without also considering child allowances, parental leave, or enhanced child care subsidies for infants and toddlers. In this Analysis, we have focused primarily on children from birth to age five, but reform of the child care system as a whole should also include consideration of school-aged children.

The Financing System Should Include Regulatory Requirements

Government has a clear responsibility for setting and monitoring minimal quality standards through its licensing function, which currently operates at the state level. However, as Hofferth points out in this journal issue, even licensed child care programs receive few visits from licensing officials, and other studies indicate that regulations concerning group size and child-staff ratios are not always enforced. Financing reform should include funding to enforce licensing laws and to make sure that programs that are required by state law to meet minimal health and safety standards do so. State government should make sure that child care programs that provide care so shoddy that children are at risk are not permitted to operate, and federal and state government together should make sure that such programs are not permitted to receive public funds.

Accountability Systems Should Be Built In

As Stoney and Greenberg point out in this journal issue, determining the dollars that are actually flowing to child care programs is very difficult. We do not know, for example, the amounts states may be committing to child care out of flexible funding sources. In most cases, we do not know how many children are being served by given funding streams or whether children are being served by multiple funding streams.

Financing reform and consolidation could make it possible to track child care expenditures more closely. Such tracking should be required by administering agencies to increase accountability. This requirement should make it easier for policymakers in the future to estimate the effects on families of potential policy shifts.

Prospects for Change

In sum, while we recommend no single approach, we believe that these principles suggest some actions in the short term. Efforts to bring together the child care and early education sectors and to unify the tax and subsidy financing systems should begin immediately. This coordination may require modifying legislative committee structures as well as changing the structure and responsibilities of the agencies that administer the relevant funding streams. Existing dollars for child care services or child rearing should be protected and expanded. New dollars should be allocated, first for low-income families, but with a clear goal of moving toward universal support for all families.

Making the transition from today’s system to a system of universal support will undoubtedly require a longer-term effort. Actually
implementing such a change will depend, first, upon the ability to generate enthusiasm for it and, second, upon the capacity of the existing programs and staff to implement it. We have already discussed some of the ways in which the existing infrastructure is stretched to the limit and have recommended that $20 billion of the $120 billion spent per year be set aside for training the number of workers needed to care for an influx of children, for facilities in which to house new programs, for resource and referral agencies or public education programs to help parents learn to choose quality child care, and for additional licensing staff to monitor program quality. The limitations of the current child care infrastructure may hamper change should new dollars become available, but it is undoubtedly the first challenge—that of marshaling public will to undertake change—that is the greatest challenge.

As some child care analysts have suggested, “There is probably never a good time, politically, to discuss . . . the generation of new funds. But 1996 is arguably one of the worst times.” There has been a shift away from federal responsibility toward responsibility by states and localities for many human services, and a general public skepticism about the ability of most government-supported human services programs to generate positive change.

In addition, public support for child care in particular among social service programs has always been viewed with ambivalence. At the dawn of this century, President Theodore Roosevelt opened the White House Conference on the Care of Dependent Children with the words, “... the goal toward which we should strive is to help that mother so that she can keep her own home and keep her child in it; that is the best thing possible to be done for that child.” As Abby Cohen reports in this journal issue, many continue to prefer care by mothers today, if only family economics would permit it.

To some extent, as we have described, the decision to support child care with public funds has already been made in the form of direct and tax-based subsidies that serve families across the income spectrum. And, we believe, the argument is clear and convincing that significant public dollars are needed as an investment in the human capital and potential for the future that children represent.

What is missing, therefore, is not the commitment to support all families, nor the argument that such an investment is warranted, but the commitment to increase that support to the levels that are necessary to produce the benefits promised by research and hoped for by families.

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3. In 1993, 49% of all child care arrangements used by employed mothers for their children under the age of five years required no cash payments (either because of government subsidies or, more typically, because the care was provided free of charge by relatives). See note no. 2, Casper.
5. Hewitt Associates. Work and family benefits provided by major U.S. employers in 1995. Lincolnshire, IL: Hewitt Associates LLC, 1995. In most cases, the corporations have established Dependent Care Assistance Programs for their employees.

8. States have discretion over how funds from the Child and Adult Care Food Program are used, but Stoney and Greenberg suggest in this journal issue that most of the $1.6 billion 1995 allotment was used to help child care programs feed the children in their care.


15. These numbers add up to more than 100% because some parents use multiple arrangements.


17. Centers may be reluctant to provide care for infants because doing so is more costly than caring for preschoolers. Centers lose about 15 cents per child per hour in providing infant care, largely because more adults are required by state law to care for infants than for preschoolers (Suzanne Helburn and John Morris, personal communication, March 26, 1996).

18. Centers are likely to be scarce in communities with few government subsidies or few parents who can afford to pay full fees for care. See Fuller, B., and Liang, X. The unfair search for child care. Working moms, poverty, and the unequal supply of preschools across America. Cambridge, MA: Harvard University, 1993.


20. These differences persist even though low-income families spend less on child care than do most families. The average family with a child under age 5 spent about $79 per week on child care for all the children in the family but families in poverty spent only $50 per week. However, only 37% of families living below the poverty line paid for child care, in contrast to 58% of families with income above the poverty threshold. See note no. 2, Casper.


23. Helburn and Howes report that only 9% of 226 family child care and relatives' homes surveyed in 1991–92 provided good-quality care, and 35% were inadequate.


39. See note 37, Bergmann, for a discussion of merit goods and collective goods.
46. For example, if the primary public policy goal is to increase incentives for work and decrease welfare dependency, then providing wage subsidies or expanding the earned income tax credit for working poor families might be preferable to child care subsidies. See notes no. 42, Blau, and no. 43, Haskins.
49. See note no. 10, Kagan and Cohen, for a review of this and other considerations.


57. See, for example, Kamerman, S. Starting right: What we owe to children under three. American Prospect. (Winter 1991):63–73. Kamerman proposes several alternatives, including a universal child allowance, refundable tax credits, or expanded earned income tax credits, along with a one-year parental leave.

58. See note no. 30, Commission on Family and Medical Leave, p. 227.


61. Walker’s plan does include government loans, so although employee dollars do fund the payroll tax, families are allowed to borrow against future contributions—which is probably not something that could happen if employees saved money for their leaves on their own.


64. Alternatively, the amount of the credit could be increased to provide a substantial incentive to encourage parents to choose quality settings. For example, Arkansas doubles the state dependent care tax credit for parents who enroll their children in a program that has received a good-quality rating. Child Care Action Campaign. Strategies to build and sustain good child care quality during welfare reform. CCAC Issue Brief, no. 1. New York: Child Care Action Campaign. No date.


68. Families that paid for care in 1993 spent from $60–$62 per week to purchase between 26 and 28 hours of care for their three- to four-year-old children. On a full-time, full-year basis, that would translate into between $4,271 and $4,865 per year for care for those children, or about $4,618 on average. (See no. note 2, Casper.)


70. In 1993, parents who paid for care paid an average of $2.42 per hour for the care of an infant under one year of age, but only $2.33 per hour for the care of a four-year-old, or $4,840 for 50 weeks of full-time care for an infant and $4,660 for a four-year-old. (See note no. 2, Casper.)

71. An initial $30 billion expenditure might be needed to build or renovate child care facilities. See Whiting, B.J. The facilities gap. Prepared for the Pew Charitable Trusts, the Robert Wood Johnson Foundation, the Prudential Foundation. August, 1994. In addition, some suggest a total of 5% of state and federal child care expenditures should be set aside annually for staff training and support. See Morgan, G., Azer, S., Costley, J.B., et al. Future pursuits: Building early care and education careers. Young Children (1994) 49:380–83, or up to 10% for the child care infrastructure generally (see note no. 10, Cohen and Kagan). We also believe that an expanded system might mean a lower level of charitable donations per child care program, so additional public funds would be needed to compensate.
72. The $8,500 to $9,000 per child per year estimate derives from a number of sources. Willer (see note no. 4, Willer) suggests that the full cost of quality care in 1990 was $8,425 per child per year, assuming that staff should earn wages equivalent to wages earned by comparable individuals in other professions and that support for child care infrastructure should be factored into the per-child cost. Alternatively, it has been suggested that costs for the part-day, part-year Head Start program (about $4,343 per child in 1994) could be doubled to estimate the true cost of quality care. In this journal issue, Zigler and Finn-Stevenson suggest that $9,000 per child per year is the appropriate cost of care for three- to five-year-olds. Other estimates are lower: The U.S. General Accounting Office estimated that high-quality care for four-year-olds costs between $4,200 and $4,800 in 1988 dollars. (See U.S. General Accounting Office. Early childhood education: What are the costs of high-quality programs? HRD-90-43BR. Washington, DC: GAO, January 1990.) See also Clifford, R.M., and Russell, S.D. Financing programs for preschool-aged children. Theory and Practice (1989) 28:19-27. They estimated that high-quality care for four-year-olds costs from $5,267 to $7,200 per child per year in 1989 dollars, depending upon staff salaries.


80. See note no. 50, Regenstein, Silow-Carroll, and Meyer.


82. See note no. 74, Cohen and Stevenson, for a review of San Francisco's Proposition J, which sets aside a portion of the city's general revenue funds each year for services to children, including funds for child care.


85. Hofferth reports in this journal issue, for example, that utilization of center-based programs increases as children grow older.

