December 22, 1997
ILR 97-E

Representative Lloyd Frandsen
Utah House of Representatives
319 State Capitol Building
Salt Lake City UT 84114

**Subject: Business Sponsored Child Care**

Representative Frandsen:

In response to your request, we have examined what businesses are doing to provide child care and other family-friendly benefits to their employees and also what states are doing to encourage businesses to provide these benefits. We examined the legislative initiatives local employers believe would encourage them to provide more child care benefits. After our discussion, we reviewed state initiatives addressing child care quality.

We learned that businesses are providing a variety of family-friendly benefits to their employees and that states have passed initiatives encouraging businesses to increase the supply of child care facilities. Many of these initiatives address the costs associated with facility construction and include loan or grant programs and corporate tax incentives. Utah businesses also provide family-friendly benefits and indicate that Utah initiatives supporting loan or grant programs and tax incentives may encourage them to provide more child care benefits. We learned of state initiatives to ensure quality child care including initiatives to enforce licensing regulations, subsidize costs, support provider training and better wages, educate parents and monitor providers.

Child care issues are on legislative agendas across the country as states respond to national welfare reform legislation that limits the time parents may receive welfare before they return to work. As parents leave welfare and return to work, their children must be cared for. Issues being addressed include the available supply and access to care, the affordability of that care, along with the quality and reliability of the care.

To provide information on business involvement in daycare and other family-friendly benefits, we reviewed national studies, examined survey results from a 1996 study completed by Utah's Office of Child Care, attended meetings with Utah employers and participated with interested agencies and individuals viewing the White House Conference on Child Care. We have quoted from several publications that we found provided useful information.

This report is organized into three sections. First, we introduce the family-friendly benefits businesses across the nation are providing to their employees and relate these benefits to Utah businesses. Then, we provide an overview of state initiatives designed to encourage businesses to provide their employees with more of these benefits. This section also includes a brief review of initiatives encouraging quality care. Finally, we conclude with the initiatives that Utah may want to consider to encourage businesses to increase the supply of child care facilities.

## What Businesses are Doing

We found businesses provide family-friendly benefits to their employees ranging from information referral to on-site child care. In addition, businesses have joined forces to address child care issues. Utah businesses provide many of these family-friendly benefits with some businesses collaborating to open their own daycare facilities.

### Businesses Provide Family-friendly Benefits

**Many businesses provide family-friendly benefits to their employees**. Studies show that assisting parents in meeting their child care needs may be a sound business strategy. Employers benefit from lower absenteeism and turnover, higher employee morale and reduced recruitment costs. The following are some of the family-friendly benefits the literature indicates are important:

- *Resource and referral information services* to counsel parents on where they can find child care providers and assist parents as child care consumers to identify quality care.

- *Parental leave policies* allow parents to use their own leave benefits to attend to their children's needs such as using sick leave when their children are ill.

- *Flexible work arrangements* assist parents in adapting to their family's scheduling needs and may include part-time, flextime, job sharing, compressed workweek, and tele-commuting.

- *Pretax flexible spending accounts* give parents a choice of tax-deductible benefits.

Included are flexible benefit plans and the federal Dependent Care Assistance Plan (DCAP) that shelters child care expenses from being taxed as part of the employee's gross income.

- *Financial assistance for child care expenses* may include vouchers or subsidies for either the full or partial cost of care. Some employers negotiate reduced rates with specific providers or guarantee the number of spaces that will be occupied.

- *Emergency back up care* when the child or care provider is ill or for some reason can't provide the care. Options may include sick-child-care infirmaries on-site or near-site that are funded or subsidized by employers.

- *On-site or near-site daycare centers* funded by the employer independently or in collaboration with other employers. Centers may be employer developed, employee-owned and operated with credit backing by the employer, or contracted out to a commercial provider.

While on-site or near-site child care requires considerable employer commitment, the number of facilities have increased dramatically. According to a work-family consulting firm, in 1982 there were 405 on-site or near-site daycare centers with only 204 that provided on-site care. In 1997 the number of on-site centers across the nation increased to over 1800. Utah's Office of Child Care reported employers who develop on-site care are generally the ones that cannot afford the impact of unreliable child care on their workforce.

Businesses have identified costs, liability, equity, and demand as concerns that discourage them from providing child care for their employees. While employers perceive costs as their primary disincentive to provide daycare facilities, they are also concerned with the liability risks they would assume and if child care benefits are inequitable to employees that do not need or can not access a daycare facility. Employers also question how extensive their employees' demand for child care really is and if a facility would be used.

Many concerns can be answered by providing businesses with information about their options. For example, businesses may be able to address liability concerns by contracting with a commercial daycare business to open an on-site facility. Utah has designated the Office of Child Care to answer most of the information concerns. Other states are attempting to answer some of the cost concerns with legislative initiatives.

## Businesses are Joining Forces

We also learned that businesses are joining forces to address employees' child care concerns. The American Business Collaboration for Quality Dependent Care (ABC) is a business strategy intended to increase the supply and quality of child care by investing in targeted communities across the country. During the first phase they funded 355 programs in 45 communities. One example of the type of programs funded is their Middle School Youth Program. ABC invested $500,000 to develop a model program for quality after-school and summer programs for middle school-aged children that can be replicated nationwide.

Another business collaboration simply calls themselves the Employer Group. Two dozen firms, including J. C. Penney, Marriott, McDonald's, Burger King, Hyatt Hotels Corp., Sears, Roebuck and Co., Aetna Life & Casualty Co., ConAgra and Dayton Hudson Corp., are meeting to brainstorm on how to expand benefits for their low-wage employees.

While we did not learn of any Utah businesses that are actively participating with these national efforts, the Office of Child Care is currently facilitating the collaboration of several Utah businesses to open their own daycare centers.

## Benefits Provided by Utah Businesses

The Utah Office of Child Care surveyed businesses to assess what family-friendly benefits Utah businesses provide to their employees and to determine what they could do to encourage more involvement. Figure I summarizes the percentage of respondents to the survey that offer family-friendly benefits to their employees.

**Figure I**
**Family-friendly Benefits**
**Offered by Utah Businesses**

| Percent | Benefits |
|---|---|
| 7% | Resource and Referral Information |
| 62% | Parental Leave Policy |
| 35% | Pretax Flexible Spending Accounts |
| 2% | Financial Assistance for Child Care Expenses |
| 2% | Emergency Back-up Care, School Age Care |
| 4% | On-site or Near-site Daycare Centers |

***Source: Utah Office of Child Care, 1996 Employer Survey on Child and Dependent Care***

The survey also specified the types of flexible work arrangements offered: 81 percent part-time, 46 percent flextime, 37 percent job sharing, 22 percent compressed workweek, and 11 percent tele-commuting. However, employees are not necessarily using the offered benefits. For example, the survey noted that although almost half of these companies offered flextime, only about one quarter of the employees are comfortable using the offered benefit.

## State Initiatives to Encourage Businesses

States have passed initiatives to encourage businesses to provide more family-friendly benefits to their employees. Many initiatives are designed to increase the available supply of child care facilities and include loan or grant programs and tax incentives. Other state initiatives that have passed are designed to ensure the quality of child care.

### Initiatives to Increase Supply

Legislative initiatives offering loan or grant programs and business tax incentives have passed in numerous states in an attempt to increase the available supply of child care facilities. At least 13 states have established loan programs and 10 states have grant programs to fund the costs to construct daycare facilities. Some loan programs finance construction (Maryland, Illinois, Ohio) while more often they guarantee a loan (Maryland, Arkansas, California, Connecticut, Tennessee, North Carolina). For example, Ohio's Day Care Grant and Loan

Program is a revolving loan fund which makes micro-loans of up to $25,000 to start or expand family child care homes or centers. Maryland has established a loan guarantee program that appropriates state funds to repay a commercial loan should the child care business default. Grant programs are offered in Florida, Maryland, New Jersey, California, and Rhode Island. Programs may be developed for specific purposes. For example, Rhode Island's grant program is structured to develop child care programs in industrial parks.

Another way to finance construction costs is to use proceeds from bonds. For example, Minnesota uses a portion of the proceeds from its general obligation bonds to provide grants to build or renovate child care facilities. The bonds are sold by a government entity and repaid by allocating a portion of the annual revenue toward the debt. Illinois and Hawaii also have funded construction with bond programs.

Still another approach is to encourage businesses to provide funds to construct facilities by establishing business commissions to provide financial assistance such as programs established in Florida, Indiana, and Colorado. Colorado's legislation supported a Business Commission on Child Care Financing that loans funds to construct or expand child care facilities using bank financed community development funds.

States have also passed initiatives that provide tax incentives to businesses that contribute child care benefits to their employees. Corporate income tax credits, property tax credits, and sales and use tax credits have been used to encourage employers to construct and operate on-site facilities. Tax credits for child care expenditures have also been used to encourage employers to operate on-site facilities, contract with private providers for child care services, and provide child care referral services to employees. For example, California's Employer Child Care Tax Credit allows employers a credit against their net tax for expenses for contributions to a qualified care plan for their employees with dependents under age 15. Eligible expenses include on-site care, center-based care, home-provider care or in-home care and may include the start-up expenses of establishing a child care center or constructing a facility. Deductible start up expenses may be 30 percent of the annual costs, not to exceed $50,000 annually. These expenses can be carried over until the credits are exhausted. We have included additional examples of other state initiatives involving tax incentives in Appendix A.

## Initiatives to Support Quality Care

While states have passed initiatives to increase the supply of child care facilities, they have also passed initiatives designed to ensure child care quality. Studies indicate businesses benefit from initiatives that improve the quality of care since employees are more productive when they are assured their child is receiving good quality care.

Defining quality child care has been an ongoing endeavor for researchers. Along with safe and healthy facilities, studies have identified the key predictors of quality child care:

•structural features (such as lower child-staff ratios and smaller group sizes);
•classroom/care-giver dynamics (including care-givers sensitivity); and
•staff characteristics (such as education and experience).

Recently, an additional emphasis has been placed on care-giver dynamics since research has confirmed that a warm, responsive, and ongoing relationship is necessary in a child's earliest years to stimulate brain development. Consequently, state initiatives to promote quality child care may include programs to reduce care-giver turnover such as training programs, subsidized wages, scholarships and student loan forgiveness programs.

Research has also confirmed that devoting funds for quality child care is a good investment of state funds because less funds are necessary for future interventions. The **High/Scope Perry Preschool Project** found that "*adults born in poverty who attended a high-quality active learning preschool program at ages three and four have fewer criminal arrests, higher earning and property wealth and greater commitment to marriage than those who did not attend a good preschool. Over a participants' lifetimes, an estimated $7.16 is saved for every dollar invested*."

Some of the state initiatives to support quality include:

- Enforcing regulations that require a safe and healthy environment.
- Improving child care providers wages to reduce turnover.
- Supporting provider training with scholarships and student loan forgiveness programs.
- Subsidizing costs so that low wage employees can afford quality care.
- Educating parents and monitoring providers.
- Aligning programs and developing community partnerships to use funds efficiently and maximize available resources.

Our research revealed other state innovations to promote quality that we believe may have merit. For example, Florida's "Gold Seal" program recognizes providers that have attained state or national accreditation by allowing them to display a certificate and be listed in a state database to show they meet high care standards. Rhode Island also developed an innovative approach to enhance the appeal of the child care profession by offering to pay the health insurance of licensed providers who care for children receiving state child care aid. We have included in Appendix B other states' initiatives that support quality care. Additionally, an NCSL publication is scheduled for release in December that will summarize child care legislation in other states.

## Initiatives Utah May Want to Consider

Utah has addressed a number of child care concerns including initiatives that align programs, increase subsidy rates, and fund after school care. While the Office of Child Care provides most of the services suggested by the federal Child Care Development Block Grant (CCDBG), the Legislature may want to consider some additional initiatives to encourage businesses to provide child care benefits to their employees. Based on our review, we believe initiatives that reduce the cost to establish a daycare program may encourage business support. Loan or grant programs and corporate tax incentives may help to reduce these costs. Additionally, we believe the Office of Child Care's efforts to educate employers and facilitate their collaborations to open their own daycare centers is an important means to encourage business sponsored daycare.

We noticed many of the child care initiatives states have passed, to improve the quality and expand the supply of child care, were in response to suggestions presented with the federal Child Care Development Block Grant (CCDBG). The grant suggested states include some of the following programs in their plan for distribution of the funds:

- Upgrade health and safety requirements for child-care providers.
- Review state licensing procedures and standards.
- Monitor compliance with licensing and regulatory requirements.
- Subsidize salaries of care-giver and the overhead expenses of child care center.
- Develop consumer education programs for parents choosing childcare.
- Operate resource and referral programs for child care.
- Encourage public/private partnerships for child care.
- Provide training in health, safety and nutrition for child-care providers.

Utah has responded to these suggestions to some degree, often through the Office of Child Care. Additionally, the office is required to *"provide information: to employers for the development of options for child care in the work place."* [**Utah Code** 35A-3-203 (1) (a)]. One response to this directive has been to facilitate collaborations between local employers in their efforts to open their own daycare facilities by organizing employer meetings. The office has provided technical assistance to these employers including a survey designed to assess employee child care needs, preferences and opinions.

While we believe the Office of Child Care is an effective means to encourage businesses to provide child care benefits, businesses have identified some initiatives they believe would further encourage their support. Utah businesses have indicated they may be encouraged to become more involved with work-family support efforts if Utah were to support initiatives providing tax incentives and grant or loan programs. About 31 percent of the respondents to the Office of Child Care's survey reported state tax incentives may encourage them to support more child and dependent care benefits. However, we also learned that states that have passed these types of initiatives report they have been poorly used.

We hope this letter provides you with the information you need on this issue. If you have any questions or need additional information, please contact us.

Sincerely,

Wayne L. Welsh
Auditor General

WLW:SV/lm

# Appendix A
# Corporate Tax Incentives for Employer Supported Child Care

**ARIZONA** Arizona Revised Statutes 43-1163 - Provides corporate tax credits for employers providing child care facilities or services for employees. Employers that purchase or remodel facilities can claim a credit of the lesser of $15,000 or 50 percent of the costs incurred to acquire, construct, renovate or remodel dependent day care facilities or property for dependent day care facilities, in lieu of depreciation or amortization allowances. Employers who provide child care or resource and referral services are eligible for a credit of the lesser of $5,000 or 30 percent of the net costs.

Arizona Revised Statutes 43-1130 - Allows taxpayers who operate child care facilities primarily for their employees' children to depreciate the cost of the facility over 24 months, thereby lowering their taxes. Taxpayers operating child care facilities for profit may amortize, instead of depreciate, over a 60-month period any expenditure made to purchase, construct, renovate, or remodel the facilities or equipment.

**ARKANSAS** 1995 Ark. Acts, Act 850 - Provide an income tax credit for a business which operates a child care facility for its employees. Repeals the sales and use tax exemption for construction materials, but allows for a refund. Removes the restriction that facility must have a certain average daily attendance of employee children.

1993 Ark. Acts, Act 820 - Exempts construction materials and furnishings purchased for the initial construction of an employee child care center from sales and use tax. Allows an income tax credit of 3.9 percent of the annual salaries of the employees who provide care.

**CALIFORNIA** 1994 Cal. Stats., Chap 748 - Establishes caps and limits to the state's personal and corporate income tax credit for child care start-up costs, information and referral services, child care facility construction costs and contributions to a qualified care plan. Extends the credits.

1992 Cal. Stats., Chap 816 - Authorizes a tax credit for initial expenses of child care programs developed primarily for the taxpayer's employees and tenants. Requires building owners and developers to be informed of the credits available.

1991 Cal. Stats., Chap 476 - Extends until 1995 tax credits for child care construction startup costs, information and referral services costs, and contributions to a qualified care plan. Requires the Child Development Programs Advisory Committee to coordinate outreach efforts to inform employers about the tax credits.

1988 Cal. Stats., Chap 1239 - Allows a credit against the corporate income tax liability equal to 30 percent of either or both of (1) the cost paid or incurred for startup expenses of establishing a child care program or constructing a child care facility in California to be used primarily by the children of the taxpayer's employees, or (2) the cost paid or incurred by the taxpayer for contributions to California child care information and referral services. The amount of the credit allowed cannot exceed $30,000 for any taxable year. The credits are valid for tax years beginning before 1992.

**COLORADO** 1990 Colo. Sess. Laws., Chap 220 - Directs the Department of Social Services to assist employers with onsite center licensing and establish separate standards for onsite care. Adds monetary or in-kind contributions to promote child care as permissible contributions to enterprise zones which qualify for existing tax credit programs.

**CONNECTICUT** 1996 Conn. Acts, P.A. 262, sec. 1 & 7 - Allows the state's 40 percent business child care tax credit to apply to child care facilities on or off site. Requires several state agencies to work with business-related organizations on marketing strategies to promote the tax credits.

1988 Conn. Acts, P.A. 289 - Expands the state's tax credit program for businesses establishing day care facilities for employees' children to include for-profit facilities. Up to 40 percent of the facilities' operating expenses may be credited against the employer's tax liability, but cannot exceed $20,000 in any income year. Formerly, only nonprofit day care centers qualified for the credit.

1987 Conn. Acts, P.A. 429 - Increases from $250,000 to $1 million the cap on tax credits to businesses that subsidize employee child care. Requires approval of applications giving preference to low-income workers. Expands eligibility to include care in the child's home and by a relative.

**FLORIDA** 1985 Fla. Laws' Chap 85-118 - Provides a 100 percent deduction for a child care facility's start-up costs from a corporation's net income for tax purposes. These start-up costs include expenditures for playground equipment, kitchen appliances and cooking equipment, and real property, including land and improvements, used to establish a child care facility.

**KANSAS** 1992 Kan. Sess. Laws, Chap 124 - Permanently extends child care income tax credits by removing the sunset date. Expands the program to include tax credits for child care referral services provided by businesses.

1989 Kan. Sess. Laws, Chap 285 - Provides a credit to taxpayers who pay for or provide child care services for their employees, or that provide facilities or necessary equipment for child care services. The credit is good for tax years 1989-1992. Employers who purchase or provide child care services for dependent children of their employees are eligible for a 30 percent tax credit for the amount spent. This credit cannot exceed $30,000 for any tax year. Employers are allowed a 50 percent credit for the amount spent in establishing a child care facility. This credit cannot exceed $45,000 for any tax year. The aggregate amount of child day care facility credits that may be claimed for any fiscal year cannot exceed $3 million.

**MAINE** 1987 Maine P.L. Chap. 343, Sec. 5217 - Employer/taxpayers are allowed a credit against the tax liability equal to the lowest of (1) $5,000, (2) 20 percent of costs incurred in providing day care service for employees' children, or (3) $100 per child of an employee enrolled on a full-time basis in day care service provided by the taxpayer. The credit used for a tax year may not exceed the tax due, but unused amounts may be carried back three years or forward 15 years.

**MARYLAND** 1988 Md. Laws, Chap. 641, Sec. 1 - Authorizes local governments to grant property tax credits for certain child care centers. The credits would be granted for improvements to property owned by a business having at least 25 employees, and where the improvement contains an area set aside and dedicated exclusively for a registered or licensed child care center. The amount and duration of the credit is to be determined by the governing body.

**MASSACHUSETTS** 1990 Mas. Acts, Chap. 521 - Allows the child care portion of a development to be taxed at the residential rate rather than the commercial rate imposed on the rest of the building.

**MISSISSIPPI** 1989 Miss. Laws, Chap. 524, Sec 12 - Grants a 25 percent tax credit to businesses that provide or contract out for child care for employees' children. If the employer provides child care, the credit covers expenses for staff, materials, equipment, and the construction and maintenance of a facility. The facility must have an average daily enrollment of no less than six children who are 12 years of age or less to be licensed. The Department of Health and the State Tax Commission will certify employers eligible for the credit.

**MONTANA** 1989 Mont. Laws, Chap. 706 - Grants a 15 percent tax credit to an employer for amounts paid or incurred in providing or contracting out for child care for employees' children. The credit cannot exceed $1,250 of child care assistance actually provided to or on behalf of the employee.

**NEVADA** 1997 Nev. Stats., Chap. 664 - Allows a business tax credit not to exceed 50 percent of total tax liability to businesses that provide on-site child care or vouchers for licensed child care to employees earning 150 percent or less of the FPL. Exempts employers from liability relating to child care provided under certain conditions.

**NEW MEXICO** 1986 N.M. Laws, Chap. 20. Sec. 52 - Provides a 30 percent tax credit for a corporate taxpayer that pays for child care services for dependent children of an employee equal to 30 percent of the total expenses for child care services incurred and paid by the employer in the tax year. A corporate taxpayer that operates a nonprofit child care facility used primarily by the dependent children of the employees may also claim a corporate income tax credit in an amount equal to 30 percent of the net cost of operating the child care facility for the tax year. The credits cannot exceed the net cost of operating the child care facility for the tax year. The credits cannot exceed $30,000 in any tax year, but any excess credit may be carried forward for three consecutive years.

**OHIO** 1982 Ohio Revised Code, Sec. 5709.65 - Entitles a qualified corporation operating within an enterprise zone, and reimbursing an employee for all or part of the cost of child care, to a tax credit. The credit shall not exceed $300 per child and is available for the first two years of employment.

**OREGON** 1991 Or. Laws, Chap. 928 - Allows a business tax credit for contributions to school district child development programs.

1987 Or. Laws, Chap. 682 - Provides three corporate tax credits for employer-sponsored child care. The credits include: a 50 percent tax credit for child care assistance paid for or provided to an employee, not to exceed $2,500 per taxable year, a 50 percent tax credit for amounts paid or incurred during the taxable year to provide information and referral services to help employees obtain child care; and a tax credit to an employer who constructs, renovates, or in other ways improves real property to be used primarily as a child care facility. The facility credit shall be the less of (1) $2,500 times the number of full-time employees employed by the taxpayer, (2) 50 percent of the cost of the construction, renovation, or other improvement, or (3) $100,000.

**PENNSYLVANIA** 1985 Pa. Laws, Act 102, Sec. 4 - An employment incentive payment may be claimed by an employer who hires any person who is receiving AFDC, or who is classified as chronically or transitionally needy at the time of hire. If the employer provides or pays for child care services for the children of the employee, the taxpayer shall be eligible to receive an additional employment incentive payment of up to $600 during the first year of employment, $500 during the second year of employment, and $400 during the third year of employment. Total incentive payments shall not exceed 90 percent of the total taxes paid by the employer against which the incentive payments may be claimed as a credit.

**RHODE ISLAND** 1994 R.I. Pub. Laws, Chap. 262 - Requires that child care facilities used by employers that receive a tax credit for providing or paying for employee child care services accept state-subsidized children.

1992 R.I. Pub. Laws, Chap. 162 - Extends the day care employer tax credit to sole proprietorships.

1988 R.I. Pub. Laws, Chap. 602, Sec 1 - Provides a 30 percent tax credit for small businesses and partnerships that pay for or provide child care services for their employees.

1987 R.I. Pub. Laws, Chap. 477 - Creates a 30 percent tax credit for a taxpayer employer that pays for or provides licensed child care services to its employees, or to the employees of its commercial tenants, or that provides real property or dedicates rental space for child care services.

**SOUTH CAROLINA** 1995 S.C. Acts, Act 40 - Includes corporate donations to nonprofit agencies as a qualifying expenditure for the child care credit.

1988 S.C. Acts, Act 658, Sec. 43 - Provides a 50 percent credit against corporate tax liability for capital expenditures , not to exceed $100,000, for establishing child care services for employees and the cost of subsidizing employee child care expenses, not to exceed $3,000 per employee.

NOTE: Information provided by National Conference of State Legislatures

## Appendix B

| Synopsis of Child Care Development Block Grant (CCDBG) Quality Improvement Activities | |
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| **Quality Improvement Activity** | **Description** |
| Systems of Professional Development | Several states have created statewide career development systems or curricula in support of degree programs (CO, HI, LA, MD, MN, NC, OR, PA).<br>Many states have made training available to providers through scholarships for Child Development Associate (CDA) and other credential training, organizational memberships, scholarships to attend state and national conferences, support for state conferences and workshops on specialized topics.<br>States also provide incentive awards and grants to providers to receive accreditation from national organizations (AL, AR, DE, DC, IL, KY, ND, NE, NH).<br>Special incentives to promote professional development are offered by a few states such as a loan assumption program for providers who receive a child development degree (CA) and a $250 incentive award to providers who earn 60 additional hours of early childhood training (MT).<br>Specialized training for center administrators has also been funded (GA, KY [for administrators of school-age programs], MI, NY, UT).<br>Other innovative projects include funding for mobile vans to take training materials to rural providers (AL), training in artistic disciplines (AZ), training and use of peer reviewers (CA), training for pediatricians and librarians to work with child care providers (MD), and video training (CO, MN, NY).<br>Targeted training for family child care providers has also been used extensively (AZ, CO, DE, DC, HI, IL, IA, NY, UT). |

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| Child Care Resource and Referral Agencies | Resource and Referral agencies are funded to provide a wide variety of quality improvement activities. In addition to information and referral to all families, the R&Rs provide consumer and parent education, collect data on local programs, do community needs assessments, recruit and train providers and help local providers to leverage additional resources from public and private resources (AZ, CA, CO, CT, DC, FL, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MO, MT, NH, NJ, NY, NC, ND, OK, OR, PA, RI, TN, WA, WI). Many states have established statewide networks. Several innovative R&R projects have been undertaken, including a 24-hour InfoLine for information, referral and crisis management (CT) and direct funding of R&R staff positions (TN). |
| Consumer Education and Support of Families | In addition to the activities included in resource and referral agency contracts, states have undertaken special projects to educate parents about the value of quality child care programs (AL, AK, AZ, DC, IN, NY, MD, TN). These include one-on-one counseling with parents (AL), the "Who's Watching Your Kids" campaign (AK), coordinated campaigns with other state agencies and development of a "Kid's Safety Calendar" (AZ), and development of a consumer handbook "Choosing Child Care: A Guide for Maryland Families" (MD). Projects have been funded to create child care programs that are partnerships with parents, including special grants to establish and support relationships with parents and teachers and to improve the quality of parental contacts (IL) and to gather information about reaching and working with fathers from low-income, high risk populations (MD). |
| Support for Licensing and Monitoring Activities | Funds were used to support the state licensing office or to directly finance staff positions in the licensing and monitoring office. These positions were used to train and recruit new providers, license and monitor providers and to provide technical assistance to providers (AL, AK, CO, CT, FL, LA, KS, KY, MI, MT, NE, NH, NC, NV, ND, OK, OR, RI, TN, WI).<br>Innovative projects in licensing included a "Child Care Quality Improvement Study" to determine the extent to which changes in regulations affect quality (FL), a study of regulations and rules, with a comparison between the state rules and national standards (HI, AZ), grants to District Health Departments to monitor unlicenced child care homes for health and safety compliance and to supply providers with basic health and safety information (ID), grants to programs to help them come into compliance (MD, SD), and training for licensors to help them further understand the issues in early childhood programs (WA). |

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| Development of Family Child Care Networks | Many states have funded the development and support of family child networks through local recruitment efforts, training and technical assistance (AL, AZ, FL, NY, TN).To better support the family child care providers, several states have also taken a different approach, including mini-grants for start-up of family child care providers (KY), mentoring projects (GA) and funds to help providers meet regulatory standards (MD). |
| State Certification of Quality Programs | Some states have launched quality improvement systems in which the state sets the standards for quality and certifies that providers meet those standards. The qualifying providers are issued special certificates verifying their level of quality (AR, WI). |
| Programs for Teen Parents | Many states have identified teen parents as a priority eligibility group for services. In addition, several have created state or local programs to support teens in their efforts to graduate from high school or to attain a GED (AZ, GA, HI, IL, LA, MD, NY, OR, OK, TN, WY). These programs are managed by a local project or by another state agency such as the State Department of Education. Some programs have special components for teen fathers and for teen mothers (MD). |
| Community Coordinators and Interagency Facilitators | In some cases, states chose to fund targeted positions to achieve a particular outcome, including local child care coordinators to expand and improve the availability and quality of care (HI), a specially skilled clinical child care worker to work with at-risk and emotionally disturbed children (MD), a state child care program officer to coordinate and plan child care policy at the state level (MT), child care subsidy coordinators in rural counties to develop resources for unserved or under-served children (NC), coordinators to address infant/toddler training needs (ND), and a health surveyor to assist the state Department of Health with health surveys of child care centers (WA). Legislatures and governors have created committees to advise the governor and to make recommendations to improve the state child care program. These include the advisory Child Care and Early Childhood Education Coordinating Committee and the Child Care Rules and Regulation Committee (NE) and the Child Care Coordinating Committee, which facilitates communication among state agencies and makes recommendations to agencies and the legislature (WA). |

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| Leveraging funds | States have created special funds to help providers leverage resources. These include emergency mini-grants to licensed providers to help them maintain their licenses (NE), a provider loan fund through for quality improvement and supply building (NC) an early childhood facilities fund to train and link providers with corporate sponsors for capital improvement needs (NJ), business involvement grants (TN), and a revolving loan fund for expansion and improvement of child care centers (MD). |
| Inclusion Projects | Many states have made inclusion of special needs children a priority and have started statewide training and technical assistance or funded local projects to model inclusion practices (MA, NH, NC, NV, WY). Several of these programs target infants and toddlers (HI, MD).<br>Innovative approaches include funding for a family facilitator to hold workshops for parents and to provide consultations with teachers (IL) and training specifically for parents (MD). |
| Source: **Report on the Activities of the States Using Child Care and Development Block Grant Quality Improvement Funds**, Child Care Bureau, U.S. Department of Health and Human Services, August 1996 | |