Child Care as an Investment for the Future: The Case of Memphis
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Building women’s collective power to ignite change

WOMEN’S FOUNDATION FOR A GREATER MEMPHIS

INSTITUTE FOR WOMEN’S STUDIES
AT THE UNIVERSITY OF GEORGIA

THE NATIONAL COUNCIL FOR RESEARCH ON WOMEN
EXECUTIVE SUMMARY
Improving Access to Quality Child Care, Investing in Future Generations

Maintaining access to stable, affordable, high quality child care is imperative to sustaining employment and economic security, especially for single mothers, as the poverty rate for female-headed families with children is over 40%. Additionally, research shows that investing in child care has the potential to create jobs for low-income women, allow parents to seek employment outside the home, raise household income, stimulate local economies, boost tax revenues, and improve child development. But child care is often prohibitively expensive for low-income families and many families that need assistance are not eligible for subsidies.

That National Council for Research on Women undertook two case studies in the states of Georgia (with Chris J. Cuomo, Ph.D., and the Institute for Women’s Studies at the University of Georgia) and Tennessee (with Lynda M. Sagrestano, Ph.D., and the Center for Research on Women at the University of Memphis) to assess the impact of stimulus funds from the American Recovery and Reinvestment Act (ARRA) on child care access for low-income communities. This report briefly reviews the ARRA Child Care Assistance Program and other government sponsored child care subsidies in Tennessee, and provides a snapshot of child care in the Memphis community. Nationally, two billion dollars of ARRA funds were designated for the Child Care and Development Block Grant (CCDBG), a federal program independently administered by states. In Tennessee, all $42 million of stimulus funds received through the CCDBG were designated for the child care scholarship fund, and eligibility requirements for child care assistance were broadened temporarily to allow more families to benefit from subsidies. Over the course of the program, 55,900 Tennessee families received childcare scholarship funds.

The following recommendations, based on surveys, focus groups, interviews, and economic analyses, are made for improving access to affordable, quality child care and for making programs more effective:

Key Recommendations

Eligibility
- Raise income caps to allow more low-income working parents to receive benefits.
- Reduce work hour requirement so that part-time employment is sufficient to qualify for child care subsidies.
- Allow eligibility for people on job training and for all students pursuing a post-secondary education.
- Provide child care subsidies that are not linked to TANF.

Access
- Improve communication about the application process and provide web-based and in-person help.
- Make provisions for children with special needs.
- Ensure safe transportation for children to and from care providers.
- Develop guidelines for pricing so that centers that receive assistance to improve quality do not raise their fees, effectively pricing out the lowest income consumers.

Quality
- Develop national guidelines on minimum safety requirements.
- Invest in the training of the child care workforce.
- Identify and disseminate best practices for improving the quality of child care.

Reform
- Restructure how funds are disbursed.
- Evaluate how many additional families are in need of child care subsidies.
- Implement institutional reforms and rule changes so that low-income families are not prevented from accessing affordable, quality care.
Changing demographic trends have resulted in shifting roles for women, such that 47% of the U.S. workforce is comprised of women. Because women tend to be the primary caretakers of young children, the need for quality, affordable childcare is integral in enabling women to go to work and be economically self-sufficient. For many low-income families, work and educational options are limited by the lack of affordable, quality child care. Maintaining stable, affordable, high quality child care is imperative to sustaining employment and economic security, especially for single mothers who experience higher rates of poverty compared to married-couple families or single fathers. In contrast, affordable, quality child care increases parents’ access to the workforce and contributes to economic self-sufficiency. In addition to the economic impacts of child care for working families, the child care sector contributes to each state’s tax base.

Research indicates that building women’s economic security has an exponentially positive impact on families, and subsequently also on the communities in which they live. Increasing access to affordable, quality child care is critical to working families and key to women’s economic well-being and success, particularly during times of economic recession. Inconsistent child care can perpetuate an economic downturn by leading to loss of productivity. According to one research report, U.S. businesses lose approximately $3 billion dollars a year due to employees’ absenteeism while tending to child care matters.

Access to high quality child care is especially important for maximizing children’s early developmental years and preparing them for success. Investing in the future through affordable, high quality child care for every child is an ambition that would benefit children and their families, as well as the future of the community at large.

The following report briefly reviews the American Recovery and Reinvestment Act (ARRA) Child Care Assistance Program and other government sponsored child care subsidies in Tennessee. This report also provides a snapshot of child care in the Memphis community. In Tennessee, 34% of single mothers with children under the age of 18 live in poverty. Paying for costly child care is often a struggle for low-income single mothers. The average annual cost for full-time center-based infant care in Tennessee is $5,857 and full-time care for a 4 year old is $4,515.

Working with local advocacy partners, this project surveyed parents and guardians who use center-based child care and conducted a focus group with child care workers. In collaboration with the Institute for Women’s Studies at the University of Georgia and the National Council for Research on Women, the project examined the impact of ARRA on child care in two case studies—Tennessee and Georgia—focusing on low-income women’s access to affordable, quality care. This report focuses on the Tennessee data. Recommendations are provided on how better to improve child care access and quality, and how child care subsidies can better be distributed in the future to benefit those who need it most.

### Poverty Status of Families with Children Under 18

- **National**
  - 2009: 18.8%
  - 2010: 18.3%
- **Tennessee**
  - 2009: 15.6%
  - 2010: 16.5%
- **Shelby County**
  - 2009: 18.6%
  - 2010: 19.0%

#### Poverty Status for Individuals

- **Male**
  - **National**
    - 2009: 19.9%
    - 2010: 19.8%
  - **Tennessee**
    - 2009: 18.8%
    - 2010: 19.3%
  - **Shelby County**
    - 2009: 18.4%
    - 2010: 18.3%
- **Female**
  - **National**
    - 2009: 22.6%
    - 2010: 22.6%
  - **Tennessee**
    - 2009: 20.9%
    - 2010: 20.8%
  - **Shelby County**
    - 2009: 18.5%
    - 2010: 18.5%
Based on interviews and correspondence with key community partners working in the area of early childhood education, the following is the Center for Research on Women’s understanding of how government child care subsidies and child care work in the Memphis community.

**Introduction to the Recovery Child Care Scholarship Program in TN**

The American Recovery and Reinvestment Act (ARRA) of 2009, otherwise known as the stimulus funds, gave states $2 billion dollars to help low-income working families offset the cost of child care via the Recovery Child Care Scholarship Program. ARRA funds allocated for the scholarship program were funneled through the Child Care and Development Block Grant (CCDBG). The purpose of the CCDBG was to assist working families with the cost of child care. The scholarship program was administered by the Department of Human Services (DHS) in each state.

In the state of Tennessee, DHS determined that all $42 million dollars in stimulus funds received through CCDBG would be put towards the scholarship program. For the duration of the scholarship program, the estimated number of Tennessee families served was 55,900, including 73,900 children. As all stimulus funding received through CCDBG was put towards directly serving children and families, there was no funding invested in quality improvements and there were no jobs directly created in Tennessee with this funding; however, jobs were potentially indirectly created by either allowing parents to work or maintain jobs, or by increasing staff/hours at child care centers.

“I am able to attend school or work while having some assistance to pay for child care.”

- Memphis parent

**Connection Between Families First and Child Care Subsidies**

Administered from April 1, 2009 through September 30, 2010, the scholarship program was a time-limited child care assistance subsidy that allowed working families who would otherwise be ineligible for child care subsidies, such as Families First, to receive child care at a reduced cost. Families First is Tennessee’s version of Temporary Assistance for Needy Families (TANF), a federal program that provides cash assistance for families in financial need. Families in Tennessee can receive Families First for a lifetime maximum of 60 months, or 5 years.

Families are required to recertify every 6 months if there is earned income in the household, and every 12 months if there is no earned income. In addition to cash benefits, Families First recipients are also entitled to free child care if needed in order to keep a job or fulfill work-related requirements of the program. Once a family no longer qualifies for cash benefits, they are automatically eligible to receive subsidized child care through the Transitional Child Care (TCC) program for up to 18 months, as long as the family continues to meet income eligibility and work requirements. A sliding scale co-pay based on income is required for TCC. After 18 consecutive months of receiving TCC, additional child care assistance may be obtained through At-Risk Child Care (ACC). Like TCC, ACC also requires a co-pay and is time-limited (up to 6 months). However, unlike TCC, ACC is not always available. ACC is not automatically generated once a Families First case closes, and its availability can be directly impacted by lack of funding. An initial recertification after 3 months is required for both TCC and ACC, after which recertification is required every 6 months. As ACC is only awarded for a maximum of 6 months, recertification is required only once.
TCC is routinely available after each time a Families First case closes, and there is no lifetime cap on TCC. For example, a family might receive assistance through Families First for 10 months. When the case closes, the eligible family is automatically granted TCC for 18 consecutive months. If a family subsequently falls back onto Families First (e.g., due to unpaid maternity leave or job loss) for another 6 months, once the case closes again, the eligible family will again be granted TCC for 18 consecutive months. Additionally, if a family does not initially meet TCC eligibility requirements immediately after the Families First case closes, they can still receive TCC within 18 months of the case closing should they become eligible. A full 18 months of TCC will be granted in this situation as long as the family meets eligibility requirements. This safety net will remain in place until the Families First lifetime cap of 60 months is reached.

Once a family reaches the 60 month lifetime cap on Families First, they can receive a final 18 months of TCC and are then ineligible for government subsidized child care.

A key difference between traditional child care subsidies (e.g., TCC and ACC) and the Recovery Child Care Scholarship Program in Tennessee is that families did not have to qualify for Families First to be eligible for benefits. A key difference between traditional child care subsidies and the Recovery Child Care Scholarship Program is that families did not have to qualify for Families First to be eligible for benefits. In response to the economic recession, the Recovery Child Care Scholarship was designed to temporarily help alleviate the burden of paying for child care for low-income working families who were ineligible for Families First.

Letters from the state were sent to licensed child care providers detailing application and eligibility requirements. Initially, child care centers were limited in the number of children that could receive the scholarship, but that limitation was later removed and the number of children that child care centers could serve was unlimited. Potential families were referred via child care providers and the state decided which families would receive funding.

Historically, Tennessee has offered child care assistance similar to the scholarship program to low-income working families. Like the scholarship program, families who met school/work and income eligibility requirements and who had no connection to Families First could receive subsidized child care. The Low-Income Child Care assistance program was indefinitely discontinued by DHS in 2002 due to funding constraints.

“I was thankful to receive the stimulus funds. Once they were depleted, I was back struggling to pay for child care.”
-Memphis parent
**Income, Work, and Co-Payment Eligibility Requirements for the Recovery Child Care Scholarship Program**

Income eligibility requirements for the Recovery Child Care Scholarship Program were relaxed slightly in July 2009. Throughout the duration of the program however, the scholarships remained accessible to low-income families who earned more than the monthly income limitations to qualify for Families First and still greatly needed help making ends meet. For example, the monthly gross income limitation for a two person household (i.e., one parent and one child) was $2,966, compared to $1,288 to qualify for Families First for a household of the same size. Yearly, to qualify for the scholarship program, a two person household would need to earn less than $35,592 and a five person household would need to earn less than $60,720. Yearly income limitations for Families First recipients of the same household sizes were set at $15,456 and $29,640, respectively. Parents who had previously received assistance via Families First and who had exhausted the 60 month time limit for receiving cash assistance were also eligible for the scholarship program. Families currently receiving any other child care subsidy were not eligible for the scholarship program.

Work requirements for the Recovery Child Care Scholarship Program were similar to Families First. Parents and guardians were required to engage in 30 hours of work, school, or a combination of both per week. The work requirement was obligatory for both parents. Sliding scale co-payments were state-imposed and were determined based on gross monthly income. For example, a co-pay for one child could range from $3-$35 per week, depending on gross monthly income. Families were required to recertify every 6 months.

**OVERVIEW OF TENNESSEE CHILD CARE QUALITY RATINGS**

In the state of Tennessee, depending on the services provided, child care providers are licensed either through the Department of Human Services (DHS), the Department of Education (DOE), or both. The following is an overview of quality rating systems for child care providers in the state of Tennessee.

**Tennessee Child Care Report Card Program**

Implemented in 2000 and 2001 by the Tennessee legislature, the Child Care Report Card Program is a mandatory quality assurance program for all child care providers licensed through DHS. Providers must be evaluated upon renewal of their annual licenses. Child care centers are evaluated on director qualifications, professional development, developmental learning, parental/family involvement, staff-to-child ratios and group size, staff compensation, and program assessment. The report card is based on attainment of minimum standards, better standards, or higher quality standards for each aspect of the evaluation. Each criterion is based on a three point scale if the provider participates in the Tennessee Star-Quality rating (see next section). The provider must post the results of the report card on-site where it can be easily viewed by parents/guardians. The report card is not accessible via the Internet or any other centralized location and can only be viewed on-site.
Tennessee Star-Quality Child Care Program

At the same time the Child Care Report Card Program was implemented, Tennessee also implemented the Star-Quality Child Care Program, a voluntary quality assurance program for child care providers licensed through DHS. Based on the three stars of the Tennessee flag, the Star-Quality program awards licensed child care providers one, two, or three stars for meeting higher standards than are necessary for standard state licensing requirements (e.g., education of staff and directors, pay and benefits of staff). Though the program is voluntary, child care centers are encouraged to participate. For example, centers that accept government subsidies receive higher reimbursement rates from the state if they participate—the more stars, the higher the reimbursement rate. Additionally, DHS provides centers with assistance in earning more stars (e.g., grants, technical assistance).

Based on the three stars of the Tennessee flag, the Star-Quality program awards licensed child care providers one, two, or three stars for meeting higher standards than are necessary for standard state licensing requirements.

National Association for the Education of Young Children Accreditation

In addition to the Star-Quality program, the National Association for the Education of Young Children (NAEYC) is a national early childhood education accreditation program that providers can obtain. Providers do not have to be licensed through DHS in order to obtain accreditation through NAEYC. With higher standards than the Star-Quality program and over 400 criteria that must be met, NAEYC accreditation is the highest level of accreditation child care centers in Tennessee can achieve and is considered to be the industry standard for high quality child care. NAEYC accreditation standards require that at least 75% of staff members have either a Child Development Associate (CDA) credential or be working towards an associate's degree or higher in the field of education. Additionally, center directors must have at least a bachelor's degree as well as education specific to leadership and management.
CHILD CARE IN SHELBY COUNTY

Of over 300 child care centers licensed through DHS in Shelby County, more than half, approximately 60%, have attained a three-star quality rating. Davidson County (Nashville) has a similar percentage of three-starred centers; approximately 55% of their DHS licensed child care centers have attained a three-star rating. However, Knox County (Knoxville) and Hamilton County (Chattanooga) have a much higher percentage of three-starred centers; approximately 80% of DHS licensed child care centers in both counties have attained a three-star rating.

As of September 2010, three-star centers were at approximately 50% capacity whereas zero, one, and two-star centers were at approximately 40% capacity. Among those enrolled in center-based care, 70% were enrolled in three-star centers, whereas only 30% were enrolled in zero, one, or two-star centers.

Currently, only 124 child care centers in the state of Tennessee are NAEYC accredited; approximately 25%, or 32, are in Shelby County. Statewide 7.9% of all child care centers in Tennessee are NAEYC accredited, compared to 9.8% nationally. Ten percent of Davidson County's child care centers are NAEYC accredited, 3% of Knox County, and 4% of Hamilton County. Ready, Set, Grow! (RSG!), housed at the University of Memphis, an initiative to improve child care quality in Shelby County, has paved the way for Shelby County child care centers to become NAEYC accredited and provide higher quality early childhood education.

Ready, Set, Grow!

RSG! began as a partnership between Shelby County government, higher education, community organizations, and private businesses. Children in Shelby County too often lack kindergarten readiness and an investment in early childhood education was seen as key to creating a brighter, more educated workforce in the community, as well as attracting smart and educated employees from outside the community. The vision of the program is that every pre-kindergarten child cared for outside the home is in high quality care. One way to sustain that vision is through national accreditation of child care providers (e.g., through NAEYC). Funded by the Plough Foundation and with additional support provided by the Tennessee Early Childhood Training Alliance (TECTA), RSG! provides individualized support to centers through tuition scholarships, on-site teacher training curriculum, and mentoring to center directors. One of the main objectives of RSG! is to target low-income neighborhoods. Fourteen of the 32 NAEYC accredited programs in Shelby County are located in low-income neighborhoods. Since its inception in 2004, RSG! has assisted 96% of NAEYC accredited centers in Shelby County. RSG! is an example of a promising practice that increases quality, affordable child care.

“It [child care subsidies] has given me more child care choices because I can go to school and work worry free, knowing my children are in a safe place.” -Memphis parent
Cassie Davis, an African American woman in her mid to late 20’s living in Memphis, TN, utilizes center-based child care for her daughter. When she initially began her search for child care services, she visited a few center-based facilities and some home-based centers for comparison before finally making a decision. According to Cassie, “the center-based places did more learning tools. They teach them more than the home-based. The home-based…the ones that I visited; they did more playing than learning and actually teaching the children.” She explained that her child’s father wanted to expand their daughter’s learning ability and felt that the center-based facilities were better.

Cassie is paying out of pocket for child care expenses every week. At $120 per week, she estimates that approximately 30% of her income goes toward these expenses. Paying for child care has been a very difficult task for Cassie because her paycheck has to cover several other bills as well.

There was a time when Cassie received a child care subsidy to help pay for child care. She received Families First until her daughter turned 2 years old. While on Families First, she did not have to worry about paying for child care and it was one less bill that she had to worry about paying. “It is very difficult paying out of pocket. It really helped out a lot when I was on Families First…it’s been a year since I haven’t received it,” explained Cassie. Another benefit of receiving a government child care subsidy was that it allowed her to work more hours. Now that she is not on Families First, she has to take off of work whenever she cannot find a babysitter for her daughter.

Cassie explained some of the difficulties she experienced with Families First. “When I first tried to get the certificate for Families First, I had to change my work hours to meet their requirement of no more and no less than 30 hours per week.” Meeting the requirements for her was confusing and difficult because sometimes she was told that she worked too many hours and other times she did not work enough hours. It took about eight months before she was finally approved to receive the benefits. When asked to explain the circumstances surrounding her sudden ineligibility for Families First, she recalls, “Once my hours picked back up, and like I said, I was working more than 30 hours, they cut me off.”

When describing her experiences using child care subsidies, she explained that, “In the beginning when I was getting it, it was great. It helped me a lot financially. But now that I haven’t been receiving it, it is hard...it's very hard financially for me. They were paying $121 per week for me. It has been very hard lately. It is especially hard when I cannot find a baby sitter.”

Cassie feels that it should be easier for those who are at least trying... “If you work over 30 hours, as long as you are in school or trying to better yourself, then you should qualify for Families First. It should be easier for those who are trying to work than it is for those who are not working at getting the assistance. I don't think that’s fair...I think that as long as you are in school then you should get the benefits.”
KEY FINDINGS FROM THE TENNESSEE STUDY

The research team conducted case studies in two locations in the South, Tennessee and Georgia, to better understand how the ARRA child care scholarship funds impacted families in states with different policies and procedures. The Tennessee case study focused on families using child care at centers that primarily served families eligible for government sponsored child care subsidies. Based on data from the Tennessee study (see appendices), the following key findings emerged.

ARRA supplemental funding reached families that needed help.

- All ARRA funds ($42 million) funneled through the Child Care Development Block Grant (CCDBG) were put directly towards offering child care assistance for families.24
- No ARRA funds were allocated for quality improvements at child care centers.
- Most of the research participants (78%) were receiving some sort of government assistance for child care, including 9% who were able to access child care assistance through ARRA funds, better enabling them to work or attend school.
- Because child care subsidies in Tennessee are directly linked to Families First, most of the families in the study were already receiving child care subsidies when the ARRA funds became available, and therefore were not eligible for child care assistance through the ARRA funds.
- Nearly a third (29%) had applied for government child care subsidies and did not qualify at some point in the past, and over a third (36%) had lost child care at some point in the past because they no longer qualified for subsidies.
- Families report numerous reasons for losing eligibility for Families First, and subsequently child care subsidies. For example, they max out on the lifetime limit of 60 months, receive a small raise at work and no longer meet income eligibility requirements, or are unable to meet work requirements.
- The ARRA funds helped to fill this gap for families that were not eligible for subsidies linked to Families First.

More changes are necessary in the child care subsidy infrastructure so that families are able to access help with greater ease.

- ARRA-funded scholarships for child care were allocated based on referrals from child care centers, so parents could not directly apply for assistance.
- Parents had to be connected to a child care provider willing to refer them in order to access funds. As a result, families that did not already have a relationship with a child care center may have been unaware of the ARRA funds and likely fell through the cracks.

Child care is often prohibitively expensive for low-income families and many families who need assistance are not eligible. Though income eligibility for child care subsidies varies from state to state, in 2008, all 50 states set income eligibility limits above 100% of the federal poverty level, or $17,600 per year for a family of three.25 In Tennessee, the average cost for full-time infant center-based care in 2008 was $129 per week, or $514 per month.26 For a 4 year old in center-based care it was $113 per week and $453 per month, leaving low-income families with little money left over for other expenses. One potential outcome of the high price of child care and increased economic pressures, such as low wage jobs, unpaid maternity leave, or reduced work hours, is that parents may be forced to turn to Families First because it guarantees access to subsidized child care.27 There are strict lifetime caps for TANF and associated child care subsidies, however, making this only a temporary solution. Additionally, recent funding increases, such as increases in federal block grants for child care assistance through ARRA, have occurred in the context of severe budget cuts at the state level. New federal subsidies have therefore often served as temporary remedies rather than creating long-lasting improvements in access or eligibility.
RECOMMENDATIONS

The following recommendations, based on surveys, focus groups, interviews, and economic analyses, are made for improving access to affordable, quality child care and for making programs more effective at the local, state, and national levels. Our research showed an overwhelming concern about the difficulty of paying for quality child care, and the need for more support so that parents can work, secure in the knowledge that their children are well cared for. Policies governing child care subsidies vary at the local, state, and federal levels; however, many of the following recommendations are generalized and applicable to different circumstances. Whenever possible, relevant levels of government intervention have been noted for each recommendation.

Eligibility

1. **Raise income caps to allow more low-income working parents to receive benefits. Use the living wage as the measurement of what is needed to meet basic needs in the current U.S. economy, and base eligibility on that metric.**
   
   Federal level: Poverty thresholds were first developed in the 1960s based on the assumption that people spend one-third of their income on food. Each year, the poverty thresholds are updated according to inflation and indexed to the Consumer Price Index. Spending patterns, however, have changed in the past five decades, making this poverty measurement antiquated and misleading. For instance, people no longer spend 1/3 of their income on food; it’s closer to 1/6. Rather, people spend a larger portion of their income on housing, transportation, and utilities. Current poverty levels also do not account for the fact that costs for basic necessities such as health care and child care have risen faster than inflation. By not updating the federal poverty measure, the struggle of working families earning slightly above the threshold is masked and many are falling through the cracks.

2. **For families that meet income eligibility requirements, reduce the work hour requirements so that part-time employment is sufficient to qualify for childcare subsidies.**
   
   Federal level: Parents living under the same roof are each required to work 30 hours per week to receive child care subsidies. Relaxing this requirement for part-time workers during economic downturns will help boost families and increase their chances of becoming self-sufficient.

3. **Allow job training to count toward work requirements in all states.**
   
   Federal level: Job training enhances the skills of parents seeking to re-enter the workforce, but this training often goes unrecognized as fulfilling the work requirement needed to receive subsidies. Skill-building is an essential part of securing decent employment and should be recognized as essential when considering eligibility.

4. **Allow eligibility for all students pursuing a post-secondary education and making satisfactory academic progress.**
   
   State level: If post-secondary students meet income eligibility criteria, child care subsidies should be made available to them as long as they are making satisfactory academic progress. Additionally, time limits on students receiving subsidies should be lifted. For example, in Tennessee, post-secondary students can only count school as a work-related requirement for 12 months, after which they must work 20 hours per week in addition to school. In combination with the five-year lifetime cap on Families First benefits, completion of a college degree in 4 years is unrealistic; part-time students often take longer, a fact which anti-poverty programs and subsidies need to take into account. Fueling an educated, skilled workforce through a post-secondary education leading to a professional degree should be the standard.

5. **Provide child care subsidies that are not linked to TANF.**
   
   State level: In Tennessee, child care subsidies are only available to current or recent Families First recipients. There is a lifetime cap on Families First of 60 months / 5 years. Due to income restrictions, working families who are also low-income often do not qualify. One outcome of increased economic pressures in the face of stringent eligibility requirements is that parents are increasingly turning to cash-assistance welfare such as TANF, because it guarantees access to subsidized child care. States should implement a permanent low-income child care subsidy.
RECOMMENDATIONS

“I don’t have any knowledge of the different child care subsidies.”
- Memphis parent

Access

1. **Improve communication about availability of funds and the application process, and provide technical support for applicants.**
   State level and Local level: To maximize the number of families and children served through child care subsidies, states should use existing networks to advertise new opportunities and help consumers navigate the process. They should also establish centralized sources of information about child care assistance, new programs, eligibility requirements, and changes in requirements. Additionally, the application process should be available through existing community partners, such as child care centers, churches, libraries, and grocery stores, as well as independently, such as via the Internet.

2. **Provide adequate consumer support for online application systems, including technical assistance and live support.**
   Local level: Community partners should help provide support for those who can access applications through the Internet. Community partner sites should also provide internet access. Families should be able to access applications in person, as well as online, as many needing assistance may not have ready or reliable access to computers and internet service.

3. **Make provisions for children with special needs.**
   State level and Federal level: Working parents of children with special needs also need assistance; child care providers must have the capacity to accommodate such families. Providing a safe, nurturing environment for children with special needs (e.g., physical/cognitive disabilities, special diets, those requiring medication) is essential for parents’ ability to maintain their jobs and secure family well-being.

4. **Ensure safe, adequate transportation for parents to bring their children to and from care providers and home.**
   State level: Transportation and its related costs need to be addressed as part of the child care subsidy package. Some examples of essential transportation assistance include pickup service, van service, gas vouchers, public transportation vouchers, and taxi vouchers.

5. **Develop guidelines for pricing so that centers that receive assistance to improve quality do not raise their fees, effectively pricing out the lowest income consumers.**
   State level: Use reimbursement rates as an incentive for level of quality. In Tennessee, for example, the Star-Quality system identifies child care centers’ level of quality of services (one, two, or three stars). A center’s reimbursement rate for subsidies increases based on the number of stars the center receives. This system could be replicated as a model for how to keep costs down while supporting improved quality.
RECOMMENDATIONS

Quality

1. **Develop national guidelines on minimum safety requirements for child care.**
   Federal level: Federal background checks of the highest caliber, including fingerprinting of service providers, should be the minimum standard required by federal law. Additionally, mandatory CPR certification, first aid training, and fire safety for every child care worker in every state should be considered as a mandatory federal requirement.

2. **Invest in the training of the child care workforce.**
   State level: The Ready, Set, Grow! Project (RSG!) at the University of Memphis provides on-site teacher training curriculum and mentoring of center directors. RSG! is a program that demonstrates how communities can help early childhood education become nationally accredited and subsequently professionalize the child care workforce. One of the main objectives of RSG! is to target low-income neighborhoods and currently 14 of the 32 NAEYC-accredited programs in Memphis are located in low-income neighborhoods.

3. **Identify and disseminate best practices for improving quality, affordable child care for states and local agencies.**
   Federal level: Research, policy, and advocacy organizations have a special responsibility to share lessons learned and innovative practices that have emerged at local, state, and federal levels. Studies such as the current one help amplify local voices and engage policymakers on the crucial link between access to safe, affordable, and quality child care and economic security for low-income women and families.

The availability of affordable and quality child care remains one of the most contentious issues facing working families in America today. With child care costs often prohibitively expensive for low-income parents, maintaining a job while children are looked after in safe, enriching environments is often one of the most commonly cited barriers to achieving sustainable livelihoods. Based on survey data, focus groups, and interviews, our research in Tennessee points to two pressing issues. The first is a real need to overhaul the block grant system in order to increase eligibility to many families who fall through the cracks as they are deemed ineligible to receive child care assistance. Second, national standards need to be developed for quality care in order to create enriched early childhood learning environments for children, thereby increasing their likelihood to succeed in school in their later years. Focused investments in child care, even in this difficult fiscal climate, are a critical intervention at the local, state, and national levels to increase economic security for low-income families, and in the long-term build greater equality within the United States.

“Receiving child care assistance has made it possible for my daughter to attend a choice school which I believe will prepare her for a brighter future.”
- Memphis parent
Appendix A

METHODOLOGY

The TN study employed multiple methods, including a survey, focus group, and case study. Community partners helped with identifying participants, recruitment, and understanding child care in our community. The study was reviewed and approved by the University of Memphis Institutional Review Board for the protection of confidentiality and the rights of participants. All data and recordings were stored securely and all identifying information was removed. Participants received a small incentive as thanks for their time and insight.

Survey
A 5-page, self-administered parent/guardian survey was developed to assess the extent to which the increased child care funding under ARRA adequately reached low-income women and families, particularly families of color. The research team focused on two core issues: quality of child care and access to child care by vulnerable communities. A draft of the survey was reviewed by several community partners and changes were incorporated. Surveys were collected one of three ways: on-site at child care centers, distributed to parents at a church, or distributed to an afterschool program to be sent home to parents/guardians in children’s backpacks. Five child care centers participated in on-site survey collection. Two other types of programs (one child care center and one church) were approached for on-site survey collection, but refused participation. All data were collected in the city of Memphis within Shelby County, Tennessee.

Survey data was collected January-March 2011. A total of 172 surveys were completed. The majority of participants (N = 147) completed the survey on-site, and a small number (N = 25) took the survey home or received a survey through the church or afterschool program and returned it in the mail.

Focus Group
One focus group with child care providers was conducted in February 2011. The purpose of the focus group was to gain a better understanding of how ARRA funds have impacted center-based care and also to understand child care needs of child care workers themselves. Participants were recruited from three child care centers. Directors of the child care centers posted flyers on site inviting employees to participate. All three centers were NAEYC accredited. A total of 15 participants attended the focus group.

Case Study
One case study with a single parent who had experience receiving child care subsidies was conducted. The purpose of the case study was to shed light on an individual parent’s story of switching on and off child care subsidies and its impact on sustaining child care and employment. The participant was recruited through the Director of a child care center. The participant created a fictitious name to maintain her anonymity and her real name was never known to members of the research team.
Appendix B

SUMMARY OF CHILD CARE WORKER FOCUS GROUP

Fifteen child care workers participated in a focus group to assess how ARRA funds have impacted center based child care and also to understand child care needs of child care workers themselves. All participants were child care workers from NAEYC accredited centers. Key findings and illustrative quotes follow:

Education and Training
All of the participants held at least a Child Development Associate (CDA) credential, several had bachelor’s degrees, and several others were working on additional degrees. When asked if they planned to go back to school, most participants indicated they planned on it, if they were not in school already. All participants indicated that they had participated in 30 hours of pre-service training, including first aid and CPR. Such credentials and education are a marker of NAEYC accredited centers, which have high standards for staff qualifications.

Child Care Needs
Of the participants that currently had children in child care, all of their children attended the child care center where the participants were employed. Of those with children in child care, none expressed any difficulty in finding or maintaining child care. Additionally, their employers offered a discount for their children’s tuition. As one participant noted, “my child always attends (the child care center) where I work so I didn’t have no problem with that.” One participant’s pregnancy and subsequent need for child care led her into the field of child care as a career: “I had to work and had a baby and I didn’t want to leave my baby with anyone else.”

Child Care Centers and Professional Development
Within the past two years, many participants mentioned facility upgrades such as new floors, newly painted walls, and in one instance a new building. Items for children’s development such as books and toys were replenished “all the time” or “as needed.” Though participants indicated the curriculum at their centers had been updated in the past two years, one participant thought it needed tweaking: “I just came into the program, but I see it still needs more updates…some of the stories that they have, the students [are] not really interested in them, and we need to focus more on phonics and… creative writing.”

In terms of professional development within the past two years, for both child care workers and parents, a host of trainings were mentioned. For teachers, most usually attend an annual spring conference. They have also received training on the accreditation (NAEYC) process and Strengthening Families training, which trains child care workers to help families become stronger. For parents, stress education, writing education, life skills, and child behavior problem trainings have been offered. Employees have not received significant raises in the past two years.
Appendix B

SUMMARY OF CHILD CARE WORKER FOCUS GROUP

Suggestions on How to Improve Access to Affordable, Quality Child Care

The consensus with the group was that greater parental involvement and more parent trainings would be useful to improve the overall quality of child care. “I wish more parents would come out and be more interested in their children and how they carry on at the daycare...be more involved... and kind of help out and come into the room (classroom).” All centers have an open door policy and parents can drop by anytime. Centers have also had open houses and luncheons to entice parents to visit, but “they just don’t come out.” “We’ve tried several things...gift cards...door prizes...festival on the playground.” “What else can you do? You can’t make them come.” Many participants agreed that some children are dropped off at 6am and picked up at 6pm. In one participant’s opinion, “they pick the children up, take them home, give them a hot dog...that’s it until they go to bed.” Additionally, some parents may not have an accurate portrayal of the child care workers: “I think a lot of parents think we’re babysitters. They don’t take into consideration we go to school, we are parents ourselves...lot of them just think we are babysitters, but we are professionals, we got degrees and trying to follow our degrees for the better of the quality of the daycare....I think a lot of them (parents) don’t take that into consideration.”

One participant noted that in order to increase the quality of child care, parents “need training themselves” on “how to be parents.” “Some parents, they are young and all they looking at...I’m taking my child to daycare and I can leave her or him there so many hours and I’m free...They’re not so much concerned about the child’s education... and educating themselves.” When educational workshops or trainings are held for parents “9 times out of 10 the ones that need to come, don’t come.” For example, trainings are offered on how to wean children off pacifiers, bottles, or sippy cups, but for those parents who do not attend, it can be a challenge for child care workers because “if the doctor tell them take them off the sippy cup (snaps her fingers)—they do it, but they look at us like...you can’t tell me what to do.” When other age-appropriate developmental suggestions are made by child care workers to parents, such as reading to their children, parents ask: “for what? You do it all day.”
Appendix C

SURVEY RESULTS

Survey
A 5-page, self-administered parent/guardian survey was developed to assess the extent to which the increased child care funding under ARRA adequately reached low-income women and families, particularly families of color. The research team focused on two core issues: quality of child care and access to child care by vulnerable communities.

Participants
A sample of 172 parents and guardians who use center-based child care in Memphis completed the survey. The sample is not a random sample and should not be considered representative of families who use child care services in Memphis. The overall demographics are as follows:

- Gender: 82% women, 12% men (6% declined to answer)
- Race/ethnicity: 95% African-American
- Average Age: 33 years (range 19 to 65)
- Marital Status: 56% single, 22% married, 12% divorced or separated, 5% partnered

Figure 1

Education Level

Overall, the level of education of the sample was mixed, with approximately 28% reporting a GED or High School diploma, and 63% reporting at least some college (see Figure 1). The majority of the sample reported fairly low annual household income (30% between $0 and $5,000; 24% between $5,001 and $15,000, 22% between $15,000 and $25,000; see Figure2).
Appendix C

SURVEY RESULTS

Figure 2

Annual Household Income

Participants’ primary source of income was distributed as follows: 51% full-time employment, 21% public assistance, 18% part-time employment (see Figure 3).

Figure 3

Primary Source of Income
Appendix C

SURVEY RESULTS

Experiences with Finding Center Based Child Care in Neighborhood

Participants were asked a series of questions about their experiences with center based child care. On average, participants reported they had 2-3 children currently in center based care, and only 13% had ever been on a waiting list for child care services. When rating agreement on a 5-point scale from 1 (strongly disagree) to 5 (strongly agree), most indicated that there were adequate choices for child care in their neighborhoods (M = 3.52) and were satisfied with quality of care, although almost half (44%) indicated that they traveled out of their way to find adequate child care (see Figure 4).

Under certain circumstances, parents sometimes had difficulty finding adequate child care. Using a 3-point scale from 1 (not at all difficult) to 3 (very difficult), parents rated it most difficult to get care for a sick child (M = 1.88) and babies from 0 to 6 weeks old (M = 1.86), though it should be noted that licensed child care centers in TN cannot accept children until they are 6 weeks old, followed by children with chronic illness requiring medication (M = 1.63), special needs/disabled children (M = 1.57), drop-in care (M = 1.55), and children with special diets (M = 1.51). The least difficult circumstances to find care were aftercare (M =1.18) and before care (M =1.27) (see Figure 5).

---

**Satisfaction with Child Care in Neighborhood**

<table>
<thead>
<tr>
<th>Situation</th>
<th>Disagree</th>
<th>Neither</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I travel out of my way to find adequate child care</td>
<td>13%</td>
<td>55%</td>
<td>21%</td>
</tr>
<tr>
<td>I am satisfied with the quality of child care in my neighborhood</td>
<td>12%</td>
<td>69%</td>
<td>19%</td>
</tr>
<tr>
<td>There are adequate choices for child care in my neighborhood</td>
<td>12%</td>
<td>68%</td>
<td>42%</td>
</tr>
</tbody>
</table>

**How Difficult is it to Find Child Care in the Following Situations?**

<table>
<thead>
<tr>
<th>Situation</th>
<th>Very Difficult</th>
<th>Somewhat</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babies from 0-6 weeks</td>
<td>28%</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>Special Needs/Disabled</td>
<td>14%</td>
<td>30%</td>
<td>56%</td>
</tr>
<tr>
<td>Chronic Illness</td>
<td>19%</td>
<td>25%</td>
<td>57%</td>
</tr>
<tr>
<td>Sick Child (e.g., fever)</td>
<td>12%</td>
<td>25%</td>
<td>44%</td>
</tr>
<tr>
<td>Special Diet</td>
<td>12%</td>
<td>25%</td>
<td>41%</td>
</tr>
</tbody>
</table>
Appendix C

SURVEY RESULTS

The majority of parents (91%) indicated they were somewhat or very likely to stay home when their children are sick, and alternatively, they may call a friend or family member (72% somewhat or very likely). Most (82%) reported that their child care center did not provide sick child care.

Quality Ratings

The state of Tennessee has a Star-Quality Child Care Program in which centers are rated using a 0-3 star scale. Almost three-quarters of the sample (73%) had heard of the rating system, and two-thirds (62%) thought their current or most recent center had a 3 star rating. A smaller portion (57%) had heard of the National Association for the Education of Young Children (NAEYC) Accreditation, and 46% reported their center was NAEYC accredited. Based on coding of actual child care center names, 66% had children in NAEYC accredited centers, suggesting that 20% of those in accredited centers were not aware of the credentials of the center.

Parents indicated high levels of satisfaction with the quality of their child care, including qualifications of staff, staff turnover, cleanliness, safety, toys, books, and playground equipment (see Figure 6). Three-quarters (77%) of the parents believed that their current center conducted background checks on employees. Many centers (65%) provided transportation for children who needed it, and parents believed that children were required to use seat belts (58%) and weight-appropriate safety seats (69%). Many parents (45%) believed their center had offered a parent training in the past year, and about a third (31%) had attended training at their child care center.

![Figure 6](image-url)
Appendix C

SURVEY RESULTS

Curriculum
The majority of parents (84%) believed that their current child care center provided a pre-school curriculum, and almost as many (78%) believed their center helped children with homework when applicable. Parents indicated high levels of satisfaction with the curriculum provided by their child care center (M = 3.98 on a 5-point scale; see Figure 7).

Figure 7

![Satisfaction with Curriculum Child Care Center Provides](chart)

Financial Considerations
The majority (78%) of the participants were receiving some sort of assistance for child care when they completed the survey, including Recovery Child Care Scholarship Program (ARRA) funds (6%), Families First Child Care Certificate Funds (44%), Transitional Child Care Assistance (TCC; 23%), and At-Risk Child Care Assistance (ACC; 5%; see Figure 8).

Figure 8

![Sources of Child Care Assistance](chart)
Appendix C

SURVEY RESULTS

Overall, combining those who were currently receiving funds and those who had received, but were no longer receiving funds, 15% of the sample had received Recovery Child Care Scholarship Program (ARRA) funds, 60% had received Families First Child Care Certificate Funds, 38% had received Transitional Child Care Assistance, and 6% had received At-Risk Child Care Assistance.

Close to a third of participants (29%) had applied for subsidies but did not qualify at some point in the past, and over a third (36%) had lost child care because they no longer qualified for subsidies. A quarter had lost child care subsidies due to the recertification process, 18% had lost a job or pay because of child care responsibilities, and 19% had turned down a job because they did not want to use 24-hour child care. Among those currently receiving a subsidy, 19% paid a co-pay (see Figure 9). Even with available subsidies, 32% of the respondents reported difficulty paying for child care (see Figure 10).

Figure 9

Impact of Child Care Subsidies

- Applied for any government child care... 29%
- Lost your child care because you no longer... 36%
- Currently receive government subsidies for... 19%
- Lost your government child care subsidy due to... 25%
- Lost your job or pay because of child care... 18%
- Turned down a job because you didn't want to... 19%

Figure 10

Difficulty Paying for Child Care

- Strongly Disagree: 21%
- Disagree: 11%
- Neither: 17%
- Agree: 15%
- Strongly Agree: 36%
Appendix C

SURVEY RESULTS

Not all child care centers in Memphis accept government assistance, however approximately 82% of participants in the survey reported that their current child care center did accept government assistance. In addition, 72% reported that their center offered a payment plan, and 32% gave a discount for more than 1 child. However, 40% of survey participants reported that their child care center required families to pay when their children were absent, 53% charged late payment fees, and 64% charged late pickup fees (see Figure 11).

Figure 11

<table>
<thead>
<tr>
<th>Service Provided</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer a payment plan (e.g., weekly, biweekly, monthly)</td>
<td>72%</td>
</tr>
<tr>
<td>Accept government assistance</td>
<td>82%</td>
</tr>
<tr>
<td>Give you a discount if you have more than one child at child care center</td>
<td>32%</td>
</tr>
<tr>
<td>Require you to pay when your child is absent from child care</td>
<td>40%</td>
</tr>
<tr>
<td>Charge late payment fees</td>
<td>53%</td>
</tr>
<tr>
<td>Charge late pickup fees</td>
<td>64%</td>
</tr>
</tbody>
</table>
Appendix D

QUALITATIVE SURVEY RESULTS

Participants were asked to answer three open-ended questions in the survey. The following is a summary of the responses to each question.

The first open-ended question asked respondents what the biggest change for their family had been because of the economic downturn (recession). Of the 172 survey respondents, 147 answered this question. Most respondents (33%) indicated that expenses (e.g., bills, gas, groceries) had been the biggest change, whereas 12% indicated specifically paying for/finding child care had been the biggest change. Twenty percent responded that they had less money or had other money related issues due to the recession. In addition, 14% indicated that they could not find employment or had other employment related issues, 7% had lost their jobs or been laid off, and 3% had their hours at work decreased (see Figure 12).

Figure 12

![Biggest Change for Family Due to Recession](chart)

Note: participants could select more than one answer, thus total exceeds 100%.
Appendix D

QUALITATIVE SURVEY RESULTS

The second open-ended question asked respondents how ARRA funds had affected their family and child care. Of the 172 survey respondents, 142 answered this question. Most respondents (73%) indicated they had not been affected by ARRA funds, and an additional 13% indicated they were not sure if they had been affected. Only 4% responded that ARRA funds helped their family/child care. One percent of respondents indicated one of the following: there was a negative impact after ARRA funds ended; ARRA funds improved their child care center facility; ARRA funds made paying for child care a little more affordable.

The third open-ended question had two parts. First, respondents were asked if they thought government child care subsidies had given them more child care choices or fewer child care choices. Of the 172 survey respondents, 148 answered the first part to this question. Most respondents (37%) indicated that government child care subsidies offered more child care choices, whereas only 5% responded that it offered fewer child care choices. Three percent responded that it provided the same choices. One-third (31%) of the respondents had never used child care subsidies.

Next, respondents were asked why they thought government child care subsidies offered more or fewer child care choices. Of the 172 survey respondents, 43 answered this question. One-third (33%) reported that subsidies allowed access to higher quality child care. Sixteen percent of respondents indicated that a lot of child care centers accept subsidies and 14% reported that subsidies allow child care to be more affordable, therefore providing more choices. Only 5% thought that fewer centers accept subsidies and 2% thought that child care centers that accepted subsidies were lower quality.

Some participant's responses to the open-ended questions did not exactly answer the questions posed, and were therefore coded as “other.” The following are some of those responses that illuminate the unique nature of respondents' experiences.

One participant responded that s/he had had problems with her/his car due to the recession and another indicated that s/he had gone back to school. Another responded that the biggest change for her/his family due to the recession was “having to take a job on the 2nd shift and not being able to spend as much time with my children.” One participant noted that “everyone should qualify for child care assistance if they are employed,” while another respondent said that “People who make a decent living do not receive any type of assistance even though they do not make enough money for child care.” Additionally, one participant responded that s/he was “unsure if subsidies were meant for incomes like mine that straddle the income brackets—some options are available due to income and other(s) unavailable due to the same income amount.” Other responses included: “[government subsidies] help me find good centers” and “[allow me] to work [toward] a better life for me and my children.”
Appendix E

REFERENCES


12. Information on the Child Care Scholarship Program obtained from http://www.tn.gov/humanserv/adfam/cc_main.html


15. Information on the National Association for the Education of Young Children obtained from http://www.naeyc.org


17. Tennessee Department of Human Services. Data calculated from spreadsheet obtained from the Consilience Group, Memphis TN.


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