Investing in Low-Wage Workers

LESSONS FROM FAMILY CHILD CARE IN RHODE ISLAND

ANNE RODER AND DORIE SEAVEY

P/PV

A PUBLICATION OF PUBLIC/PRIVATE VENTURES

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Public/Private Ventures is a national nonprofit organization that seeks to improve the effectiveness of social policies and programs. P/PV designs, tests and studies initiatives that increase supports, skills and opportunities of residents of low-income communities; works with policymakers to see that the lessons and evidence produced are reflected in policy; and provides training, technical assistance and learning opportunities to practitioners based on documented effective practices.

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Introduction

Family Child Care Employment

While child care is one of the fastest growing occupations in the country, most employment in this field is precarious and low-wage. Child care workers have been a rapidly emerging subgroup of the working poor, fueled partly during the mid- to late-1990s by the encouragement of child care as an occupation for women leaving welfare. Job conditions in the field are known for being inadequate, often characterized by low compensation, a lack of health insurance and unequal access to training and education (De Vita, Twombly, Montilla 2002). These conditions undermine the viability of child care as a source of living-wage employment and raise concerns about the quality of services available to millions of children (Whitebook, Phillips 1999).

Family child care (that is, care provided in the child care worker's home) plays an important but often unrecognized role in the national picture, both in terms of the number of children served and the share of the child care workforce employed in family care. In 2001, of children whose care was subsidized by federal funding, 31 percent were in family child care homes, while 58 percent were in child care centers.[1] According to a recent study of individuals paid to care for children under the age of six, family child care providers account for 28 percent of this sector's workforce and outnumber center-based providers by 100,000 workers (Burton, Whitebook, Young et al. 2002).[2] For many parents, family child care offers a preferred home setting that is smaller, more convenient to their neighborhoods, and sometimes more culturally akin to the family's background. Furthermore, in many areas, out-of-home child care alternatives such as center-based care are not readily available (Fuller, Kagan, Caspary et al. 2002).

Like center-based care, high-quality family child care is expensive to deliver. Providers typically care for children for many hours—often 50 or more per week—and, in addition, spend several hours shopping, cleaning and preparing activities. At the same time, family providers face financial difficulties not experienced by center providers, such as nonpayment of parent copays, flexible "pay as you use" policies that increase affordability for parents but reduce income for providers, and the need for capital to invest in supplies, toys, books and equipment or to undertake renovations that make their homes safe and appropriate.

The quality of care provided in family settings varies greatly, as does that of center-based care, and children from poor families are more likely to be in low-quality settings. Studies have found that home-based child care arrangements in low-income neighborhoods are less well-equipped and less stimulating than those in middle-class settings and that the quality of home-based care used by mothers entering welfare programs is generally low (Fuller, Kagan, Caspary et al. 2002). At the same time, high quality early care and education can mitigate the effects of poverty on children (Whitebook, Phillips 1999). Researchers have found that "children from all backgrounds who have received high quality child care score higher on tests of both cognitive and social skills in their early school years than children in poor quality care" (RI KIDS COUNT 1999).

The Roots of the Day Care Justice Co-op

This report profiles a group of largely Latina and African American women living and working in some of Rhode Island's poorest neighborhoods who were determined to improve family child care both for low-income families and the women who provide the care. Their Day Care Justice Co-op was established in 1999 with assistance from the Charles Stewart Mott Foundation as part of a national, multisite initiative focused on sectoral employment. The Co-op was a membership association of family child care providers who came together to create services that supported their work and to push the state to improve the economic status of these jobs. Three years after the Co-op's inception the providers numbered 270 and together they cared for about 1,500 children, the vast majority of whom received child care subsidies from the state because they lived in low-income families.

The Co-op's roots extend back more than a decade to a gathering held in October 1990 at the headquarters of DARE (Direct Action for Rights and Equality), a multiracial, multilingual community organization based in South Providence that had been a vehicle for low-income people of color to organize and fight for social, economic and political justice since 1986.[3] DARE member and family child care provider Pearlie Mae Thomas invited other home-based providers from local low-income areas to attend a meeting about issues pertaining to their work. At the time, DARE estimated that home-based providers, who were largely on contract to the state, were receiving a meager wage of about $2.00 an hour, and they noted that the state was often late with payments. At the meeting, the providers decided to take a first step designed to pressure the state government to issue paychecks on time, an effort that was ultimately successful.

The following May, this group—by then organized as the Home Daycare Justice Committee (HDJC)—began a campaign to secure state-subsidized health insurance for providers who served children receiving public child care subsidies. A protracted five-year battle ensued as the HDJC challenged the Rhode Island Department of Human Services (DHS), the state's General Assembly and the Governor to provide health care insurance for providers.[4] The struggle encompassed three legislative attempts to win health insurance. DHS officials and, on another occasion, Governor-elect Lincoln Almond came to DARE headquarters for "Accountability Sessions" to hear providers' grievances and demands. HDJC conducted several colorful direct actions, including setting up a home day care in the DHS director's office, storming the Governor's campaign headquarters and organizing an Easter Egg Hunt on the front lawn of his official residence, one that featured colorful plastic eggs containing pertinent messages about family child care.

In July 1996, Rhode Island's General Assembly passed legislation making it the first state to grant subsidized health insurance to family child care providers under state contract.[5] A persistent group of low-income women of color, working in a traditionally undervalued occupation, had thus established a national precedent. Internally, the health care struggle transformed HDJC into a more confident organization and produced leaders from within the community of low-income family child care providers who were determined to continue the work of improving opportunities for providers and the families they served.

Soon after the health care insurance victory, DARE's executive director, Shannah Kurland, responded to the Mott Foundation's request for proposals for the Sectoral

Employment Initiative. In 1998, Mott selected DARE, along with nine other organizations, to participate in its initiative, providing DARE with $425,000 in funding over three years, about 80 percent of their projected expenses. The purpose was to support the next stage in DARE's family child care justice work—the "DARE Contract Co-op"—a model combining economic development for individual providers with worker organizing and advocacy to affect statewide child care policy.

At the core of the Co-op's mission was the goal of improving the circumstances of low-income family child care providers in Rhode Island by bringing them together in a worker-owned cooperative that would advocate for their interests vis-à-vis the state, and that would provide services to enrich their child care businesses. Breaking this ambitious mission down into its component parts yields a vital, multifaceted set of objectives, sometimes clearly articulated and at other times implicit, that guided the Co-op's work:

- To improve the lives of low-income family child care providers in Rhode Island by creating employment that is economically viable and professionally rewarding;
- To strengthen and enrich the family child care businesses of Co-op members, thus creating an exemplary model of what low-income family child care providers can accomplish;
- To raise the quality of services that low-income family child care providers are delivering to children and their families; and
- To establish the Co-op as the recognized negotiating entity for low-income family child care providers in Rhode Island who serve the state's caseload, and to use this bargaining power to achieve fairness, equality and recognition for such providers.

The original vision for the Co-op was to work toward establishing a contract system for child care procurement through the state of Rhode Island, with the Co-op becoming largely self-funding through state payments. This contracting system was to be reinforced by a collective bargaining agreement with DHS that would have three critical dimensions: recognizing the Co-op as the official bargaining agent of member providers, establishing the rights of the Co-op and its members to participate in shaping all regulatory changes affecting child care, and achieving a 50 percent increase in total compensation from the state (salary, benefits and expense payments). In addition, the Co-op was to implement programs and services for members that would strengthen their child care businesses and improve the quality of care provided.

The Co-op's Significance in the Continuum of Sectoral Employment

The story of the Day Care Justice Co-op is important for many audiences and particularly so for the field of sectoral employment. The goal of the Mott Foundation's initiative was to support organizations developing innovative sectoral strategies that benefit low-income workers through a two-pronged approach: first, by pursuing systemic changes in labor markets that broadly benefit workers, and second, by either linking workers to better paying jobs or improving occupations that traditionally confine workers to low pay and benefits. The approach most commonly used by organizations pursuing sectoral strategies is partnering with educators and employers to provide workers with skills training and assistance identifying openings to well-paying jobs with benefits and opportunities for advancement.

The Co-op's work is innovative in sectoral employment because it focuses on improving a fast-growing but low-wage occupation as opposed to increasing access to higher-wage occupations and because it combines the provision of services to members with organizing and advocacy activities. While efforts that focus on low-wage jobs or that utilize organizing and advocacy are less typical of sectoral employment initiatives, they deserve significant attention for several reasons. First, efforts to improve the conditions of low-wage jobs have the potential to benefit a segment of the low-income population that may be excluded by programs targeting higher-skilled jobs. Many low-skill workers do not immediately qualify for training programs providing access to higher-wage jobs due to a lack of education or basic reading or math skills. Others are not in a position to take part in long-term training due to family or other considerations. Second, efforts targeting low-wage occupations that are experiencing significant growth have the potential to impact large numbers of low-skill workers who can access these jobs. Finally, advocacy and organizing efforts targeted at changing state policies or the practices of employers and educators have the potential to be more far-reaching—impacting workers across an entire sector—than traditional workforce development programs, which tend to affect only their own program participants. For these reasons, it is important to examine the Co-op's experience to derive lessons for the field.

This report examines the Co-op's economic development, organizing and advocacy efforts from its inception through 2002. The study covers the peak of the Co-op's activity; shortly after the study period ended, funding for the membership association's services and staff dissipated and the Co-op's members and lead organizer joined forces with a union to pursue their goals. An update on the family child care providers' efforts since 2002 is included at the end of this report. Our study captures a chapter of the Co-op's history that is critical for those interested in learning about integrating an organizing and advocacy component with the provision of program services in a sectoral employment strategy.

Research Design

The primary sources of information for this report are interviews conducted with Co-op members and staff as well as other key players in Rhode Island's child care arena, observation of Co-op activities and meetings and an examination of documentation provided by the Co-op. In addition, we conducted extensive interviews with 116 Co-op members, or 94 percent of those who were active in 1999 and 2000. From November 2000 through December 2003, we followed up with these members—18 months and again 30 months after their initial survey, interviewing 97 and 95 of them at each point in time, respectively. The interviews gathered information about members' characteristics, their child care income and expenses, and their experiences with the Co-op's programs and services.[6] The data in this report focus on the 85 members who completed all three interviews.

Main Findings

Over the study period, the Co-op concentrated on pursuing two central parts of its mission: developing programs and services for Co-op members and campaigning for greater economic justice for low-income family child care providers. While leadership and staff often were stretched too thin, the Co-op's work in these two areas yielded important effects, both measurable and immeasurable, on the Co-op members themselves, and on the sector in which the providers work. At the same time, the state played a critical role in directing new resources to the child care system that serves low-income families, and other members of the child care advocacy community played important roles in influencing public policy. As a result, it is impossible to disentangle the effects that the Co-op, the state and other child care advocates have had on the system.

One of the most striking findings of our evaluation is evidence of a 123 percent increase in the net income earned by Co-op members over the course of the study period, which translates into a considerable rise in the implicit hourly wage received by the average Co-op member. The growth in net income, in turn, resulted in a significant reduction in the poverty rate among Co-op members: the rate declined from 44 to 15 percent. A substantial part of the increase in provider net income was tied to a 50 percent increase in average reimbursement rates for state-financed family child care. The change in rates, in turn, was a political decision influenced by the state's budget surplus and political will to invest in its child care system, the availability of increased federal funding for child care provided to low-income families, and the advocacy efforts of the state's child care community.

During the time of the study, the Co-op was successful in setting up programs and services that supported members' family child care businesses and enhanced their working conditions as well as the quality of care they provided. The Co-op did so through various strategies, including: 1) creating a training system that was accessible to its members in terms of affordability, location and language; 2) influencing the mainstream training system so that it became more accessible to the low-income, minority providers who made up the Co-op membership; 3) contracting with the state to provide sick and vacation days to its members through a substitute pool program; and 4) providing access to resources (toys, books, computers) and grants for physical improvements that members could not have accessed on their own. Although these services benefited providers and their child care businesses, it is important to note that the Co-op was not able to secure funding to sustain them once the Mott Foundation initiative ended and the state cut funding for services in response to projected budget deficits.

In its organizing and advocacy efforts during the study period, the Co-op accomplished important victories and, even after defeats, was able to continue to grow and organize its membership to pursue their goals of systemic change. On the positive side, the Co-op and its allies defended hard-won turf as state finances turned from surplus to deficit, defeating attempts by the legislature to rescind rate increases for providers. Additionally, the Co-op became increasingly recognized as *the* spokesperson for family child care providers, and its leaders were invited to sit on child care committees and advisory councils. On the other hand, the Co-op did not succeed in achieving the goals of its Cost of Care Campaign to secure a contract system and a collective bargaining agreement with the state or in its attempt to affect public policy through new legislation. The Co-op also faced numerous challenges in seeking to become a sustainable professional organization that provided services and advocacy for its members while staying true to its grassroots, participatory origins. Despite these challenges, the Co-op experienced tremendous growth in membership and an increase in its share of the family child care sector in Providence at a time when this sector was expanding rapidly. After the period under study, Co-op members joined forces with a union to lead the effort to secure a collective bargaining agreement with the state, and its former board chair, lead organizer and members continued to play prominent roles in these advocacy and organizing activities.

The Report's Structure

We begin the report by setting the context for the Co-op's efforts to improve provider compensation and raise the quality of family child care services provided to low-income households. Important state and federal policy developments significantly affected the opportunities the Co-op encountered, and the considerable child poverty in Providence was an important backdrop to the Co-op's story. In the following chapter, we examine the Co-op's development of programs and services for members and the effect these efforts had on members and the sector at large. We also provide a snapshot of who the Co-op members were and what their family child care businesses looked like. The next section analyzes the Co-op's organizing and advocacy efforts during the study period. This is followed by a report on Co-op members' business income and expenses and how these changed over the course of the study. We conclude with observations about the lessons the Day Care Justice Co-op offers for sectoral employment strategies and other efforts to improve the compensation of low-wage workers.

Child Care Policy and Low-Income Children in Rhode Island

Except for a short period in the mid-1990s, Rhode Island has been unique among the states in entitling low-income families, including those who are not on welfare, to child care assistance. At the same time, for many years, the state carried a reputation of having one of the most poorly remunerated child care workforces in New England. But by the end of the 1990's, the state was receiving considerable acclaim and positive publicity for improvements it made to its child care system. Among the accolades was a top-five ranking in 1999 by *Parents* magazine for "Great States for Working Mothers," highlighting the fact that eligible family child care providers and their dependents received comprehensive health care coverage, and defining Rhode Island as a state in which innovative programs were demonstrating how much government can do to improve the lives of families.[7] In the same year, *Working Mother* magazine ranked Rhode Island among the "best states" for child care and featured the state prominently in its coverage.[8]

The Co-op and its predecessor were both important agents of change over this decade as well as beneficiaries of the momentum created and resources generated by greater public policy attention toward improving Rhode Island's admittedly weak child care infrastructure. The Co-op's evolution and development occurred at a time of considerable attention to early education and child care issues. State government, working in concert with the broader children's policy community, undertook unprecedented, high-visibility collaborations to improve child care.

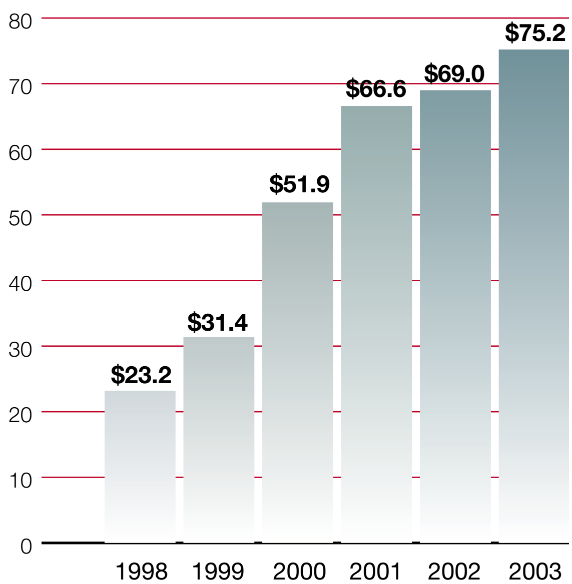
Key Policy Developments

In July 1998, the Rhode Island General Assembly enacted the Starting RIght Initiative, a comprehensive child care law focused on improving affordability, access and quality. The initiative's goal was to ensure that all children enter school ready to learn. Coinciding more or less with the beginning of the Sectoral Employment Initiative, Starting RIght injected new funds into Rhode Island's child care system and was a significant force for reform, dramatically expanding the state's commitment to affordable, available, high-quality child care. As shown in Figure 1, public expenditures on child care in Rhode Island more than tripled from $23.2 million in 1998 to $75.2 million in 2003. According to Rhode Island's DHS, nearly 60 percent of the increase in child care spending was due to reimbursement rate increases for providers, and 40 percent was due to more children receiving subsidized care. The number of children served nearly doubled from 6,830 to an estimated 12,820 over the same period.

What accounted for the passage of this progressive child care legislation in Rhode Island? First, as was the case in virtually all states in the late 1990s, Rhode Island had a substantial budget surplus. At the same time, changes in federal welfare laws led to strong political support for increasing funding for child care and early education. The imposition of time limits and work requirements on families receiving cash assistance increased the demand for child care, particularly in low-income neighborhoods. Lawmakers came to view child care as critical to enabling mothers to work and to making welfare reform a success.

Figure 1

Rhode Island Child Care Subsidy Program Expenditures by Fiscal Year, 1998-2003 (in millions)



Source: Rhode Island Department of Human Services. http://www.dhs.state.ri.us/dhs/reports/fip_2004.pdf

The state also had access to new federal monies through the Child Care and Development Fund (CCDF). Across the country, total federal child care funding for welfare and working-poor families increased dramatically, with over $20 billion infused into states from 1997 to 2002 (General Accounting Office 2001).[9]

A final key factor in the Rhode Island story was the concerted effort by the state's child care advocacy community and key state policymakers and administrators to bring substantial improvements to the state's child care system. The director of DHS at the time was particularly committed to improving child care in Rhode Island and was a key contributor to the policy developments that unfolded. Also, the Rhode Island Public Policy Coalition for Child Care, Rhode Island KIDS COUNT and, increasingly, the Day Care Justice Co-op played vocal roles in addressing early education and child care issues.

Among the most significant accomplishments of the Starting RIght Initiative were the following:[10]

- *Expansion of child care subsidies to more working families.* At the start of the Sectoral Employment Initiative in 1998, working families in Rhode Island earning up to 185 percent of the federal poverty level were eligible for child care assistance for their children up to age 16. The General Assembly increased this to 225 percent of poverty in July 1999 and has held the subsidy level constant since that time.[11] Rhode Island is one of only 15 states that allow families to qualify for assistance with an income above 200 percent of poverty. Unlike most other states, there are no waiting lists for subsidies and no time limits on assistance.

- *Increased reimbursement rates to providers.* Beginning in 1998, Rhode Island embarked on a series of significant rate increases to both center-based and home-based child care providers. The average increase in rates paid to family child care providers was 56 percent over the period 1998 to 2000; an additional 13 percent increase took effect in January 2002.[12] The General Assembly committed to these "raises" for child care providers as part of the state's compliance with new CCDF regulations, which directed states to base their rates on a biannual market survey, and in response to pressure from the Public Policy Coalition for Child Care and others to increase reimbursement rates. Rhode Island state law mandated that rates be maintained at the 75th percentile of the market rate—a practice encouraged though not stipulated by federal regulation—while nearly half of all states had set their rates below this level (Schulman, Blank, Ewen 2001; Adams, Rohacek 2002).

- *Provision of health insurance subsidies to providers.* Largely due to the efforts of HDJC, the Co-op's predecessor, in 1997 Rhode Island became the first state in the nation to offer comprehensive health and dental coverage to certified family child care providers and their minor children.[13] DHS later extended health insurance subsidies to the employees of center-based child care programs that accept children whose cost of care is subsidized by the state.

- *Streamlined child care enrollment and payment systems.* In June 2001, Rhode Island's DHS united all of its child care subsidy programs under the Starting RIght Child Care Assistance Program in an effort to "modernize, streamline and expedite applications, enrollment and payment procedures." The new enrollment system put more responsibility on providers to enroll children in care and communicate accurate enrollment information to DHS.

Changing Demographics in Rhode Island

In addition to these child care policy developments, two key demographic changes in Rhode Island in the 1990s provide important context for understanding the Co-op story. First, while the national child poverty rate fell between 1990 and 2000, in Rhode Island it *increased* from 13.5 to 16.5 percent. The greatest concentration of child poverty was in Providence, the state's capital, which, with a poverty rate of 40 percent, is tied with New Orleans as the third poorest city for children in the United States.[14] Second, the 1990s saw a large immigration of Latinos to the state, particularly to cities such as Providence and Central Falls, where Latinos made up 30 and 48 percent of the population, respectively, in 2000. Poor, minority children are concentrated in Rhode Island's urban core communities. For example, in Providence, 76 percent of children were members of minority groups, and 89 percent of all children in poverty were minority children (RI KIDS COUNT 2002).

These economic and demographic changes likely motivated policymakers to focus on increasing the availability of quality child care for low-income children and making the child care training system more accessible to low-income, minority providers. The Co-op's membership and the low-income families they served were drawn from these cities, placing the Co-op in a position to potentially affect both large numbers of poor children *and* their paid family caregivers.[15]

Enhancing Care and Compensation through Member Services

A central component of the Co-op's mission during the study period was to develop programs and services for its members that strengthened their child care businesses and enhanced the quality of care members provided to the children and families they served. The Co-op's work in this area affected not only its own members but the family child care sector in Rhode Island as a whole. This chapter provides a profile of the Co-op members and their family child care businesses and describes some of the challenges the Co-op faced in its inception and development. It then examines the Co-op's most important member programs and services and their effect on providers—and the larger family child care sector—during the study period.

A Profile of Co-op Members and Their Family Child Care Operations

The initial round of interviews provided a snapshot of the Co-op members and their family child care operations. This is important because it helps build a profile of low-income, urban family child care providers, which may differ from that of family child care providers as a whole. Just over half (55%) of the members interviewed joined the efforts of the Home Daycare Justice Committee prior to the Co-op's inception in 1999, while 45 percent joined the Co-op in 1999 or 2000. As illustrated in Table 1, the Co-op members were primarily Latina women, and their average age was 44.

Although more than two thirds of members lived with their own children (Table 1), only 16 percent had children under age six. Thus, most members were not motivated to be child care providers by a need to care for their own preschool-aged children. Most members lived with another adult, and in 82 percent of these households the other adult was employed. However, the majority of Co-op members lived in low-income households. More than 4 in 10 providers lived in households with incomes below the federal poverty line. At the time of the first interview, 19 percent of members received some form of public assistance, primarily in the form of public housing or food stamps (Table 2).

Table 1
Characteristics of the Co-op Members in the Study Sample

	N=85
Female	100%
Age	
18 to 39 years	32%
40 years and above	68%
Average	44 years
Race/ethnicity	
Latina	84%
African American	12%
Other	4%
Household composition	
Live with own children under age 18	72%
Live with another adult	81%
Live with a spouse or partner	62%

Source: P/PV analysis of baseline survey data.

Table 2
Income, Poverty and Receipt of Public Assistance

	N=85
Average monthly household income (2002 dollars)	$1,979
Household income below federal poverty line	44%
Household income below 200% of federal poverty line	79%
Ever received TANF since 1996	21%
At the time of the first interview:	
Receiving TANF	6%
Receiving food stamps or other food assistance	8%
Living in public housing	12%
Own home	58%
Rent home	42%
Average number of years in current home	6 years

Source: P/PV analysis of baseline survey data.

Most Members Had Child Care Training Although Not a Post-Secondary Degree

The Co-op members as a group had less formal education than did family child care workers in other studies but had similar levels of child care training and certification.[16] Just over a third of members did not have a high school diploma or GED; few had either a two-year college degree or a bachelor's or graduate degree. A third of members had some form of child care certification, including Family Child Care Accreditation from the National Association of Family Child Care, a Child Development Associate (CDA) certificate, or a public school teaching certificate (Table 3). About three quarters (78%) of members had attended a workshop or training related to their child care business during the year prior to their initial interview. In part, the high degree of child care training reflects Rhode Island's recertification training requirements.

Table 3
Education and Training

	N=85
Highest degree earned	
None	38%
High school diploma or GED	49%
Two-year college degree	9%
Bachelor's or graduate degree	4%
Child care certification	
Family Child Care Accreditation	25%
Child Development Associate certificate	13%
Public school teaching certificate	6%

Source: P/PV analysis of baseline survey data.

Members Cared for an Average of Five Children, Primarily on a Full-Time Basis

The providers cared for an average of five children each day, not including their own children. Most members (89%) provided care five days a week; the others provided care either six or seven days. The providers spent an average of 49 hours per week caring for children in their homes. All but three provided care full time (at least 35 hours per week). In addition to the hours when the children were present, Co-op members estimated that they spent an average of 14 hours per week on such activities as shopping for food and supplies, preparing food, planning activities and record-keeping, bringing their average work week to a total of 64 hours.

Child Care Appears to Be a Career for Most Members

At the time of their initial interview the Co-op members had been providing child care for an average of four years, although many were relatively new to family child care. Almost half (49%) of members had been providing care in their homes for less than two years; only about one quarter (22%) had done so for more than five years. Despite the fact that many members were new to the field, almost all (91%) of the Co-op members initially interviewed were still providing child care in their homes 30 months later. This is in sharp contrast to the 39 to 50 percent annual turnover rates found among child care workers in other studies (Helburn, Morris, Modigliani 2002).

This difference could be explained by two factors. First, many members saw child care as a career; when asked how long they expected to work as family child care providers, 62 percent of Co-op members said they expected to be doing so for the rest of their careers; another 16 percent expected to do so for more than five years. Second, many members operated their homes as businesses as opposed to depending on more informal arrangements. All of the members were licensed by the state of Rhode Island. Most (86%) were either licensed when they started providing care or became licensed within a few months. Most members (84%) required parents to sign a contract that explained their rules and fees. Thirty-nine percent of members charged extra when the children were dropped off early or picked up late.

Members were asked to rate the importance of various possible reasons for becoming a provider. The reasons cited as the most important centered around the nature of the work, followed by family and economic reasons. The most important reason cited was that they enjoyed working with children (96%) followed by the desire to help families in their community (84%). Other important reasons for becoming a provider were the ability to work from home (80%) and to help a friend or relative who needed child care (64%). Only about a third (38%) said earning good money was a very important reason for becoming a family child care provider.

In sum, the family child care providers who were active members when the Co-op became an independent organization were primarily Latina women who did not have preschool-aged children themselves but provided child care in their homes because they enjoyed the work. The members worked 64 hours per week providing care for five children, on average. Despite their efforts, most lived in low-income households. A primary goal of the Co-op was to help these providers access resources and training to improve both the quality of care they provided and their own economic well-being.

Starting the Co-op and Building Capacity

When the Sectoral Employment Initiative began, the Co-op was a project of DARE and not a freestanding organization with its own staff and identity. Although DARE had envisioned the Co-op emerging as a separate organization by the third year of the initiative, the Co-op leadership felt strongly that the new organization should have a separate identity from the beginning, in part to facilitate a new round of negotiations with the state. Negotiating a separation from DARE consumed the first 18 months of the Initiative; the Day Care Justice Co-op, Inc., became an independent nonprofit organization in November 1999.

The next challenge was shifting the Co-op from being an organizing project to becoming an economic development project with an organizing component. The development of the Co-op's programs and services for members progressed much more slowly than anticipated. This was due largely to the lengthy process of establishing the Co-op as a freestanding nonprofit and to the challenges the Co-op encountered in developing basic administrative, management and operational capacity.

A key challenge the Co-op faced in its early years was determining the best staffing structure and then hiring, retaining and training staff. For the most part, the Co-op was steadfast in its commitment to developing a staff with roots in the communities served by Co-op members, as opposed to hiring individuals with more formal training in child care and early childhood education or experience running nonprofit social service-oriented programs. Many staff and board members were themselves family child care providers. Additionally, the low pay of Co-op provider members made it difficult to justify more generous pay for Co-op staff; therefore, the Co-op leadership set a low pay scale. The commitment to hiring members of the community and low pay contributed to the difficulty the Co-op experienced attracting candidates with the requisite skills and experience, as well as retaining its paid staff.

Another challenge encountered was racial and ethnic tension between Latina and African American members. The Co-op leaders who were part of the fight for provider health care insurance were primarily African American and older and had run family child care homes for many years. However, by the end of 2002, the membership was largely made up of Latina, younger providers who were more likely to have made their way through parts of the formal child care training system. Meeting the interests and needs of both of these groups posed challenges for staffing the Co-op and in board/staff relations. For many members, English was not their primary language; therefore, translation services were required at most Co-op meetings.

Programs and Services for Members

By developing member programs and services, the Co-op sought to meet low-income family child care providers' needs for training, access to resources and information to develop their child care programs. In addition, the Co-op assisted providers with issues related to contracting with the state, including bridging language barriers and managing administrative procedures and policies.

The full list of programs under development at the Co-op during the study period is displayed in the text box on page 18. By the end of the study period, some of these programs were more well-developed than others, and limited funding and resources meant that the Co-op staff was unable to focus on all of them. This section highlights four of the most heavily utilized programs: training and professional development, the substitute care pool, individual member advocacy services, and resource-access programs. The first two stand out because they not only positively affected the lives of member providers but also helped shape or alter aspects of the larger child care system.

Increasing Access to Training and Professional Development

One of the most impressive accomplishments of the Co-op during the study period was the development of a distinctive training system for providers, who must complete a minimum number of training hours to maintain their licenses to provide family child care. Low-income Latina and African American women have long criticized CHILDSPAN—Rhode Island's traditional vendor for child care training—for catering more to middle-class, suburban communities and white providers. The Co-op's training system offered affordable, multilingual courses that were provided in the women's neighborhoods. The system's design and content were also responsive to the Co-op's membership. Family child care providers displayed considerable interest in the program, suggesting that the trainings and workshops filled a significant void.

The number of Co-op workshops and training sessions expanded dramatically from 17 in 2000 to 64 in 2002 (Table 4). Our survey indicates that 90 percent of members interviewed attended workshops or trainings provided by the Co-op. The number of training attendees in 2002 reached over 500, a total that included both Co-op members and nonmembers, with many individuals attending multiple training sessions or workshops that required more than one meeting. The Co-op began its training work by offering basic health- and safety-related courses in both Spanish and English, such as CPR, First Aid, Lead Safety and Fire Safety. By 2002, the Co-op's offerings had expanded to cover 33 topics relating to health and safety, child development and program/curricular development. Workshop titles in 2002 included, for example, Enhancing Family Literacy, Guiding Behavior, Bookkeeping, Child Abuse, Creating Great Spaces, and Family Child Care Home Safety.

Table 4
Co-op-Sponsored Training Workshops, 1999-2002

Year	Number of training workshops and classes	Number of attendees
1999	2	6
2000	17	314
2001	23	207
2002	64	555

Source: Day Care Justice Co-op, Inc., records. The number of attendees includes duplicate counts of providers who attended multiple workshops and classes.

The rapid growth of the Co-op's training system was at once a response to enthusiastic demand for these trainings on the part of providers and an effort by the Co-op's leadership to guide family child care providers toward greater professional development in pursuit of higher quality early care and education and greater school readiness. Araminta McIntosh, who served as the Co-op's board president and treasurer and was one of the most "professionally" recognized Co-op leaders,[17] argued that the Co-op needed to stay ahead of the trend toward professionalism and try to shape it, since over time, the state would only increase its expectations of professional development for family child care providers. At the time, a GED or high school diploma was required for accreditation, but McIntosh predicted that the day would come when a Child

Development Associate degree, offered through an 18-month program of college credit classes, would be required. Like other states, Rhode Island was exploring the idea of tiered reimbursement rates for family child care providers, paying higher rates for those who attended training, earned a degree or other certification, or measurably improved quality through other means.[18]

In order to address the push for increased professional development, in 2001 the Co-op began to reorganize its training offerings and upgrade its approach. It implemented a professional development program known as Provider Enhancement Education Resources (PEER), a model that called for three levels of professional development: 1) standard health and safety workshops necessary for licensing; 2) basic education such as English as a Second Language and earning a General Equivalency Diploma, along with training in child development and program development; and 3) advanced workshops and classes in child development and professional development related to running a family child care business. The Co-op planned to offer courses at each level, tracking each member's training in a database.

In addition to the ongoing training, the Co-op provided many members with access to the highest levels of professional development and accreditation in the family child care field, namely, a Child Development Associate degree (CDA) and accreditation by the National Association of Family Child Care (NAFCC). From 2000 to 2002, 28 Co-op providers received their CDA through the Community College of Rhode Island with financial support secured by the Co-op, including funding for the purchase of computers for each trainee.

Through July 2002, 26 Co-op providers received accreditation from NAFCC, meeting a stringent set of standards that exceeded what states typically require for family child care licensing.[19] Accreditation requires maintaining a certain ratio of child care staff to children and having specific types of toys, including a climbing apparatus (to develop gross motor functions), riding toys, balls and an outside play area (with regulations concerning fencing in the yard, the distance of swings from the fence, and the depth of material used to "pad" the area under the swing). NAFCC also requires 75 credit hours of academic work in child development (CDA coursework is applicable), and a "validator" who spends a day observing the home where the child care takes place.

What impact did the Co-op have on Rhode Island's training system for family child care providers? The Co-op appeared to have altered the mix of training services available in the Providence area, not only by providing its own training but also by influencing the mainstream training system to be more responsive to the needs of low-income providers of color. Compared to the late 1990s, during the latter part of the period under study, more trainings with translation services were offered, more people of color were hired as trainers, and attitudes shifted so that training content and delivery to providers of lower socioeconomic status or different cultures were less likely to be condescending. These changes needed to occur, given the influx of Latinos into the state during the 1990s, and the Co-op informed this process.

This impact was achieved over time through countless conversations and meetings involving the Co-op, CHILDSPAN and DHS/DOE in which the Co-op brought to the table issues that would not necessarily be addressed and, in some instances, swayed actual decision-making. According to Co-op leaders, two examples of this influence stand out. First was the Co-op's struggle to make accreditation accessible to members through CHILDSPAN. Second was the insistence that the Co-op be involved *as an organization* in the Comprehensive Child Care Services Program network system—which offered access to resources and assistance for providers who cared for very low-income children—rather than members being involved as individuals, so that the Co-op could negotiate as an entity on behalf of all its providers. Finally, the Co-op's training efforts gave low-income, minority family child care providers a way to meet the demand for greater professional development through training and accreditation.

Improving Working Conditions: The Substitute Care Pool

In November 1999, RI DHS signed a contract with the Co-op granting it two years of pilot funding to provide licensed family child care providers who contract with the state with up to 10 sick and personal days per year by designing and implementing a system of substitute child care for families using certified family child care and receiving child care subsidies from the RI DHS.[20] The Substitute Pool program set another national precedent, prompting inquiries from other states and garnering recognition from an influential national child care advocacy organization for implementing "critically important programs… [that] go a long way toward reducing turnover and creating a more stable, high-quality system of child care" (Child Care Action Campaign 2000). The launch of the Substitute Pool program had important significance for the Co-op on several fronts, some internal and some external.

First, over the course of the Substitute Pool demonstration, over half the Co-op members accessed this benefit, with 103 providers receiving vacation and/or sick day benefits, for a total of 118 substitute care episodes. Nearly all benefit days (93%) were used for vacations. Demand exceeded supply, and the demonstration ended with a considerable waiting list. Second, the demonstration had a significant impact on the Co-op itself. It attracted new members, brought out new leaders from among the membership, and strengthened the Co-op's role as a provider of resources and services to members. The demonstration represented the first time that DHS contracted directly with the Co-op as a provider network to deliver state-funded services, or in this case, benefits related to compensation. The substitute pool also had a significant effect on the Co-op's internal fiscal and administrative capacity, as new procedures, policies and systems were developed to implement the program. Co-op staff produced materials to explain the program to providers, established a training program for substitutes, and created and managed a reimbursement system for providers. In order to have enough coverage and meet licensing standards, the Co-op and the Rhode Island Department of Children, Youth, and Families (DCYF), the child care licensing agency, developed four different types of substitute coverage.[21] By the end of the demonstration, the substitute care "workforce" consisted of 94 individuals.

Member Programs and Services at the Day Care Justice Co-op, 2002

Training and Professional Development: The Co-op managed an extensive program of trainings and workshops for members and nonmembers. Some offerings allowed Co-op members to meet their ongoing training licensing requirements; others allowed opportunities for professional development and career advancement.

Substitute Care Pool: Operational as a pilot project from November 1999 to February 2002, Rhode Island DHS afforded qualifying providers five paid vacation days and five paid sick days, while the Co-op developed and managed a system of substitute coverage for the children whose providers accessed these benefits. Over 100 providers participated.

Individual Member Advocacy Services: The Co-op's member services coordinator provided one-on-one support and advocacy services to individual Co-op members who requested assistance navigating state administrative systems and procedures and dealing with such issues as immigration status and late reimbursement.

Toy Lending and Resource Library: In order to enhance the educational and play materials available to Co-op providers, the Co-op created a program to acquire these resources and then lend them to providers. It set up literacy activities for children through donated book programs and storytime reading hours.

Technology Access Program: Working through several different nonprofit or foundation-supported venues, the Co-op created access to home computers for many members. Access to these computers allowed providers to use them as an educational resource in their child care programs and to computerize their records.

Mini-Grant Programs for Health and Safety: Through mid-2003, members could apply to the Co-op for mini-grants to be used to make repairs and capital expenditures in their child care operations that improved health and safety, including space improvements. The Co-op in turn obtained the mini-grant funding from outside funders.

Parent Referral Program: This program was in its early stages at the time this report was being researched. Its ultimate goal was to track vacancies within the membership and match parent requests for care with available spaces in providers' homes. The Co-op also developed promotional literature about itself, which it distributed to agencies in the Greater Providence area in order to let parents know about the network of providers it represented.

Bulk Purchasing: Originally a program was envisioned that would provide lower-cost access to bulk resource materials and supplies, and to play equipment. In 2002, a modest form of this program was operational with discounted rates available at several businesses.

Mentoring: This program identified mentors from within the Co-op's membership, and matched them with less experienced members who wanted guidance and assistance with such issues as setting up a child care space at home, record keeping and web enrollment.

Finally, DHS funding of the demonstration constituted a step in the direction of the state recognizing a responsibility to stabilize and enhance the status of child care providers who deliver services to Rhode Island's child care caseload, building on the achievement of the health care campaign of 1996. However, despite the program's popularity and the state's investment in developing the system, DHS did not continue funding the Substitute Pool program beyond the demonstration phase, citing budgetary constraints. In the end, the Substitute Pool program's success while it was operational is tempered by its lack of sustainability.

Providing Assistance and Advocacy for Individual Members

From its inception as an organizing outpost at DARE, the Co-op put a premium on delivering advocacy services to individual family child care providers who needed assistance navigating the state's administrative and bureaucratic systems. These services related to both their caregiving operations and their personal lives, and they were critical for providers who were recent immigrants with limited English proficiency. For most of the study period, the Co-op had a designated staff position called "member services coordinator" whose responsibility was troubleshooting and problem-solving to resolve issues confronting individual providers.

At follow-up interviews, assistance received from the member services coordinator was, after training, the second most commonly utilized service, as indicated by 59 percent of members. According to the Co-op, during 2001 and 2002 three issues in particular dominated inquiries from providers to the coordinator: the state's new Internet-based enrollment system for children receiving subsidized family child care services, payroll procedures and problems with late reimbursement, and immigration regulations.

Building Providers' Capital through Resource Access Programs

The original conception of the Co-op placed considerable emphasis on helping providers access resource materials and even capital that members otherwise would have been unlikely to obtain. During the study period, the Co-op's Toy Lending and Resource Library, its Technology Access Program and its Mini-Grant Program were three examples of this role—a role that was vital given that the vast majority of the Co-op's members were low-income and, therefore, less likely to have family capital that could be used to subsidize toy purchases or investment in other educational materials such as books or home computers.

From 2001 to 2002, the Co-op provided access to computers for more than 60 members through its Technology Access Project. Some of the computers were donated through an arrangement with RIPIN (Rhode Island Parent Information Network), which in turn was funded by the Annie E. Casey Foundation. Others were available at low cost through Per Scholas, a nonprofit organization in New York City that provides reconditioned computers to individuals and families in low-income communities as well as training for careers in information technology. In addition, a grant was obtained from the Providence Mayor's Office to fund a computer literacy program for Co-op providers.

By early 2001, the Co-op had established a Toy Lending and Resource Library at its office suite. The library housed a wide variety of toys, books and other educational materials available for lending to Co-op members. A database was created for tracking the materials. About a third of the members who participated in our surveys indicated that they had used the library during the period under study.

The Co-op library's literacy work was expanded through a children's book distribution and storytime program. During 2001 and 2002, 500 children receiving child care services from nearly 50 Co-op members were given more than 1,000 new books donated through First Book, a national nonprofit organization that works with existing literacy programs to distribute new books to children who, for economic reasons, have little or no access to them. The books were made available through the Co-op's Storytime Program, which assigned volunteers to go to providers' homes to lead a story-reading hour, sometimes bringing with them lending materials from the library as well as the free books.

The Co-op's Mini-Grant Program awarded grants averaging $500 to $900 to 60 providers. They were to be used for improving the physical environments of providers' child care operations, focusing on upgrades to health- and safety-related features. A total of $37,000 was made available by LISC's RI Child Care Facilities Fund and by the West End Renewal Fund, a neighborhood-based revitalization program in Providence funded by the United Way of Rhode Island, by local philanthropists Kim and Liz Chace, and by the Annie E. Casey Foundation. A committee of the Co-op distributed the funds based on provider applications and home visits.

These three resource access programs shared several common features. First, they illustrate the important role the Co-op played in securing resources for providers that enhanced their child care operations—resources that single providers, in all likelihood, would not have been able to access. Second, through these three programs, Co-op members received more than a computer, or children's books, or monies to be used to purchase a new high chair or swing set: they also received technical assistance. The computers came with hands-on computer literacy classes and instruction on how to use special software for children; the free children's books were accompanied by a storytelling hour and curricular materials that gave providers ideas for conducting ongoing literacy activities; and the mini-grant program required "site visits" in which more experienced family child care providers gave advice to their younger, less experienced peers about how to set up their operations in ways that promoted health and safety and increased the quality of child care provided.

In sum, the Co-op had a significant effect on the lives of many of its members during the time period covered by this report. The Co-op provided access to services and programs otherwise unavailable to members: for example, trainings in Spanish, professional development opportunities, and such resources as toy lending and library programs, computers and IT workshops, and "in-house" advisory services. In addition, the Co-op successfully negotiated a pilot contract to provide its members with vacation and sick-day benefits financed by the state. In follow-up surveys with providers, 92 percent agreed that the Co-op provided access to programs and services that strengthened their family child care businesses. However, many of these programs and services were made possible by one-time grants, and even those that required fees were not fully self-sustaining. Thus, the Co-op faced great challenges in garnering public and private funds to continue offering such services to its members.

Campaigning for Economic Justice

In addition to developing member programs and services, the Co-op continued its efforts to campaign for greater economic justice and system-wide changes for low-income family child care providers. This chapter examines some of the most interesting and important advocacy and organizing efforts undertaken by the Co-op during the study period and the noteworthy growth in the Co-op's "market share" within Rhode Island's child care system.

Organizing, Advocacy and Leading by Example

The Co-op's organizing and advocacy campaigns were designed to either proactively advance the Co-op's political and economic agenda, or to defend hard-won turf and victories in the face of shrinking state revenues or other external developments. The Co-op carried out this part of its mission in three main ways. The first was by targeted advocacy efforts to achieve specific goals. The second was by long-term campaigns that relied on sustained efforts to develop and expand the Co-op's membership and to shape public opinion and lawmaker perceptions. The third vein of the Co-op's organizing and advocacy efforts involved taking on leadership roles in policy forums and traveling to other states to counsel family child care provider groups.

The Co-op's methods and tools varied: within days, the Co-op could fill a statehouse hearing room with providers, organize letter-writing campaigns, distribute leaflets, conduct press conferences, arrange for special information sessions to educate interested members and parents about an issue affecting them and put together "actions." The Co-op also submitted legislation, lobbied rule-makers and testified at committee hearings. And it used its influence within the child care advocacy community to create alliances and form partnerships, while at other times refusing invitations to join groups because the Co-op disagreed with that group's position or motivation.

The Co-op's organizing and advocacy efforts during the period under study had mixed results. The Co-op became an important actor in early education and child care forums in Rhode Island, where it developed considerable influence and, along with other advocates, helped to defeat proposed legislation that it deemed detrimental to providers. On the other hand, the Co-op was not successful in getting new legislation passed or in achieving its ultimate goal of securing a contract with the state that would afford members the right to bargain collectively on compensation-related issues. We highlight here examples of each of the three strategies the Co-op employed: targeted advocacy, long-term campaigns and leading by example.

Targeted Advocacy

Anti-Electronic Funds Transfer (EFT) Campaign. With the increase in the state's subsidized child care caseload from 4,155 in 1995 to just over 10,000 in 2000, Rhode Island DHS became interested in revamping and updating its technology. In Spring 2000, DHS proposed a new system that would have required parents, on a daily basis, to notify the state electronically when children were picked up and dropped off at DHS child care homes and centers, either by swiping a card through a modem-based point-of-sale machine or, alternatively, using a phone-based automated voice response system.[22] DHS asserted that the new system would improve billing accuracy and efficiency, ensure timely payment, provide portable authorization for parents, and increase providers' ability to access relevant information about enrolled or applying children.

The child care advocacy community vigorously opposed the EFT concept, believing that providers would be hurt if it were implemented. They argued that the proposed system would be extremely burdensome to set up and a logistical nightmare to administer. The EFT technology would either require monopolizing the provider's phone during card-swiping, installation of a second phone line or installation of a cable from the street into the provider's home through an exterior wall. In addition—and perhaps most importantly—the Co-op argued that DHS would use the system to "nickel and dime" providers in order to hold down costs by correcting the reimbursement paid to providers in cases where, for example, a family had signed up for more care than it actually used each week. In a letter to parents, the Co-op declared that the state wanted to treat their children like bags of groceries and that EFT stood for "exploiting families totally" because DHS wanted to watch their every move.

According to the DHS proposal, attendance data would not affect payment to providers as long as enrollment status was maintained and the child attended a minimum of one day per week. The use of the technology, however, could have facilitated attendance-based reimbursement, had the state been so inclined. And for providers with low incomes, even the possibility that fees might be reduced based on parents' uneven attendance was unacceptable.

The Public Policy Coalition for Child Care held the initial meetings with providers and produced literature on the issues. Shortly thereafter, the Co-op became active in fighting EFT and formed an ad hoc committee of Co-op members to quickly mobilize opposition to the proposal. The Co-op distributed leaflets to parents and providers, held information sessions,[23] organized a letter-writing campaign, and within a month's time held a press conference at the DHS director's office, issuing a news release titled: "State Plans Costly Electronic System to Track Child Care: Child Care Providers and Parents Are Outraged."

The advocacy community was successful in defeating the EFT plan; in late June 2000, despite the investment of over $93,000 in a contract with a private-industry vendor to design the system, DHS withdrew its EFT plans. The Co-op played a significant role in creating publicity around the issue and mobilizing providers and parents against the proposed system. However, the Co-op's actions had some negative consequences for its relationships in the child care community. Some advocates involved in the EFT fight felt the need to distance themselves from the strident language and tactics the Co-op used in the campaign, due to concerns about alienating key administrators, including those who had supported investing more money in child care subsidies and in rate increases and training for providers.

Fighting to Prevent Rescinding of Rate Increases. When the state started to encounter budget deficits, the Co-op used its influence to prevent the Rhode Island legislature from rescinding reimbursement rate increases as a cost-cutting measure. The first such fight occurred in the spring of 2000. In April of that year, the Governor's Office and Department of Administration submitted an amendment to the Starting RIght legislation that would have rescinded the requirement that DHS set child care reimbursement rates at 75 percent of the market rate based on biannual surveys. The Co-op and its allies, through the Public Policy Coalition on Child Care, testified in opposition to this amendment, and had many "conversations" with legislators, members of the Permanent Legislative Commission on Child Care and the Governor to point out the damage that this step would cause. The Co-op also staged a Worthy Wage Day Action on May 1, when Co-op providers gathered at the State House to pass out more than 100 baskets filled with candies, Band-Aids, statistics and one-line statements. The Co-op and its allies were successful; in June, the House Finance Committee voted to remove the rates bill from the amended budget.

The second fight began in the summer of 2000 in response to a legislative attempt to remove the mandated biannual review of child care rates and, instead, to make the increase a contingency item to be decided upon by the legislative budget office. The Co-op engaged in phone calling, letter writing and two rounds of testimony before the House Finance Committee. Plans to amend the law were halted.

Over the Long Haul: The Co-op's Cost of Care Campaign

The centerpiece of the Co-op's sectoral change strategy during the period under study was its ongoing Cost of Care Campaign "to build power to demand adequate compensation" for family child care providers in Rhode Island. The ultimate goal of the Campaign was to create a contract mechanism with the Rhode Island DHS, through which Co-op members, as a group, would negotiate terms regarding compensation, benefits and payroll systems. At the start of the initiative, the Co-op had no clear road map for how to achieve this new contractual relationship with the state. Over the study period, the Co-op pursued a multi-pronged approach, which included garnering publicity around the low pay of child care workers, pursuing legislative initiatives to improve compensation for family child care providers, deepening its contractual relationship with DHS through the substitute pool demonstration project (discussed in the previous chapter), and growing and organizing its membership.

The campaign asserted that providers were grossly underpaid and that the state exploited family child care workers "because they are overwhelmingly women, and women of color, and so their labor is severely undervalued."[24] The Co-op's position was presented in a Co-op-sponsored study called *Mucho Trabajo, Poco Dinero (Overworked, Underpaid): The Labor Economics of Family Child Care in Rhode Island's Subsidy Program.* The report argued that there had been very little, if any, increase in what Co-op providers received for their child care work. It declared that in 2001 providers earned an average hourly wage of only \$2.76.[25] Comparatively, a 1996 DARE study found that providers were earning \$2.38 per hour. The report further contended that the state's recent efforts to infuse additional resources into child care primarily allowed more children to be served. To the extent that the income of family child care providers increased, a significant amount of the increase was dedicated to improvements in facilities and programs, "forcing providers to continue subsidizing the industry through their own poverty."

After releasing the report in March 2002, the Co-op decided its next step was to submit a comprehensive package of compensation-related demands to the Spring 2002 legislative session. The proposal called for four changes: increasing reimbursement rates, providing medical insurance for the spouses and assistants of family child care providers, creating a pension plan, and allowing for direct deposit and payment every two weeks instead of four. However, Co-op organizers were unable to find a lawmaker who would commit to backing the entire package given the recession and tight fiscal times. Sympathetic legislators advised the Co-op to select a few key ideas and present them in separate bills rather than in a comprehensive package.

The Co-op took this advice and worked on two separate pieces of legislation. The first bill sought a direct-deposit option and payment every two weeks, while the second bill called for an increase in reimbursement rates paid to family child care providers. Neither bill was taken up by the Legislature.[26] According to the Co-op's lead organizer, the second bill, which was written by legislative legal staff, was badly constructed and mistakenly articulated the goal as "no child care provider being paid less than the minimum wage." A difficult hearing took place in May 2002 during which some legislators took the Co-op to task for, on the one hand, presenting themselves as self-employed contractors while, on the other hand, framing the issue as the need for a higher hourly wage, arguing that independent contractors receive business income and deduct expenses against that income, whereas employees receive an hourly wage.

The Co-op's inexperience with proposing legislation and, more fundamentally, its apparent inability to adjust its overall strategy in light of the large increases in state reimbursement rates likely resulted in the Co-op losing ground in its effort to establish a contract system with the state that would guarantee collective bargaining status for family child care providers. The Co-op's contention that provider wages had not increased at all or very little after the state-mandated rate increases took effect contradicts what we found in our survey of Co-op providers (presented in the next chapter). Other members of the advocacy community as well as state child care policymakers, who had fought for the reimbursement rate increases and believed the increases had improved providers' well-being, disagreed with the Co-op's lack of acknowledgment of the gains that had been made. Among the Co-op's strengths were its ability to call attention to an issue, often by dramatizing it to get media attention, and to organize providers to take action. However, at times the Co-op lacked political savvy and the flexibility to reframe its goals and adjust its strategy in response to significant new developments: namely, the rate increases and the accompanying realignment of key players. As a result, some of the Co-op's actions served to alienate the very legislators and administrators whose support it needed to further advance its cause.

Following its unsuccessful legislative activity, the campaign refocused on building the Co-op's membership, including reaching out to family child care providers beyond the Providence area. The Co-op also began to explore the possibility of linking its organizing power with union-based organizations in Rhode Island. The Co-op saw union support and membership, followed by the launch of a petition to grant family child care providers formal or de facto status as state employees, as a potential first step toward achieving collective bargaining status with the state.[27] Near the end of the period under study, the economy was slumping, unemployment rates were rising, and the state budget crisis was threatening to destabilize the child care industry through cuts in child care spending. The Co-op began to struggle financially, which served as an additional motivation for seeking a partnership with the unions. (See text box on "Day Care Justice Co-op Developments 2003–2005" on page 40.)

Leading by Example

As recognition of the Co-op's work spread throughout Rhode Island, national and state organizations and agencies expressed interest in the Co-op's activities and programs. Through 2002, the Co-op responded to requests for assistance from family child care-related organizations in five states.[28]

Within Rhode Island, the Co-op was invited to participate in major public policy discussions of child care and early education systems. Two Co-op leaders sat on the Starting RIght Implementation Committee, which oversaw and guided the implementation of the state's new child care programs, regulations and funding streams.[29] Regarding this invitation, the Co-op's then-executive director, Judy Victor (1999), wrote:

> *This was a huge opportunity for us. It gave us a platform, if you will, to address in public many of the issues that had been plaguing our membership. Issues such as the cost of care, substitute care for respite and sick time, training and professional development, the absence of representation from the communities that our providers serve, etc.*

The Co-op also had two seats on the Advisory Council of CHILDSPAN, the main body in the state that supported professional development for child care workers. Two Co-op members also participated in the Providence Mayor's Early Childhood Task Force and its successor, Ready to Learn: Providence. The Task Force was commissioned in December 1999 to design "a coherent and coordinated system of support for city children" from birth to age six. The work of the Task Force culminated in an October 2000 report, *Raising Our Future: Investing in Providence's Youngest Children*,[30] which focused on how to improve neighborhood-based service delivery and accountability in the child care and early childhood education system serving low-income and at-risk children in the greater Providence area. Ready to Learn: Providence, the new name of the city's early childhood coalition, developed detailed action plans to implement the recommendations presented in the report.

At the national level, the Co-op was involved in advocating better conditions for child care workers across the country. Co-op leaders were invited to speak and make presentations at a variety of national conferences and associations related to child care and early childhood development, including the Making Gains Conference sponsored by the National Center for Early Childhood Development, and various conferences sponsored by the Administration for Children and Families at the US Department of Health and Human Services. The Co-op was also part of the national Worthy Wage Campaign.

One of the Co-op's most important contributions appears to have been its intimate connection with neighborhoods and residents, with whom the members often shared a language other than English, and its ability to represent these families' interests in state and national policy arenas. Co-op representatives were the only people of color on many committees and commissions. Many of these invitations at both the state and national level had the character of "first time ever" opportunities for low-income family child care providers to have their voices heard and their points of view taken into account.

Gaining Influence through Greater Market Share

During the period under study, the family child care sector in Rhode Island grew tremendously, particularly in the Providence area. A large increase in the Co-op's membership accompanied this growth. Both dynamics had important implications for the place of family child care within Rhode Island's child care system and for the Co-op's market share and potential political influence.

The importance of family child care within the child care industry in Rhode Island can be measured both in terms of change in the number of regulated slots and in the share of state subsidies received by providers. Between 1998 and 2002, the number of family child care-based slots increased by 41 percent statewide compared with a 13 percent increase in the number of center-based slots (Table 5). Over this period, family child care capacity grew by 145 percent in Providence and by 210 percent in Central Falls.

Table 5

Change in Family Child Care and Center-Based Child Care Slots, 1998–2002

	Number of certified family child care home slots			Number of child care center slots		
	1998	2002	Percentage increase	1998	2002	Percentage increase
Providence	1,373	3,361	145%	2,924	3,140	6%
Central Falls	60	186	210%	90	176	96%
Pawtucket	400	506	27%	640	1,039	62%
Rhode Island	4,658	6,571	41%	13,990	15,815	13%

Sources: 2002 statistics are from 2003 Rhode Island KIDS COUNT Factbook*; 1998 statistics are from Rhode Island KIDS COUNT (1999)* Child Care in Rhode Island: Caring for Infants and Pre-School Children, *Issue Brief No. 4.*

Also remarkable is the fact that family child care's share of all slots in 2002 ranged from roughly a third in Pawtucket to over 50 percent in Central Falls and Providence, the latter being the city with the highest child poverty rate in the state. Family child care occupies a considerable share of the market, particularly in poor neighborhoods.

Finally, considering family child care's share of state child care subsidies, Table 6 shows that, while licensed centers received the bulk of child care subsidies issued, family child care providers' share of state subsidies increased from 13 percent to 26 percent over the period 1998 to 2002.

Several factors affected the growth of family child care in Rhode Island during this period. New welfare laws requiring recipients to work, combined with a strong economy with significant job growth, meant more families were entering the workforce, increasing the demand for child care. At the same time, the Starting RIght legislation entitled all low-income families to child care assistance, ensuring that no families would be placed on a waiting list. Additionally, the increased reimbursement rates for child care providers afforded by Starting RIght took effect, making this a more viable form of employment. Home settings offered a fast and flexible way to increase the number of child care slots to meet demand, and the state infused new funding into training family child care providers. Child care centers, on the other hand, were more cautious about

Table 6
Child Care Subsidies in Rhode Island by Provider Type, 1998–2002

Provider Type	December 1998 percentage share	December 2002 percentage share
Licensed centers	68%	67%
Family child care homes	13%	26%
Relative	12%	5%
In-home caregiver	7%	2%
Total number of subsidies	8,747	13,410

Sources: 2002 statistics are from 2003 Rhode Island KIDS COUNT Factbook*; 1998 statistics are from Rhode Island KIDS COUNT (1999)* Child Care in Rhode Island: Caring for Infants and Pre-School Children, *Issue Brief No. 4.*

expanding, waiting for the rate increases to be fully implemented and for their budgets to stabilize before making capital investments and increasing staff.

Accompanying the growth of family child care in the Providence area was an increase in the size of the Co-op's membership, which is both a measure of its market share in Rhode Island's child care industry and an indicator of the extent to which the programs, services and mission of the Co-op were appealing to low-income family child care providers. The Co-op's size could also be an important factor in its ability to leverage political clout.

As shown in Figure 2, from 1998 through 2002, the Co-op's membership grew roughly 4.5 times. The Co-op began with just under 60 active members and, by the end of 2002, reached 270. The growth of the family child care sector undoubtedly contributed to the growth in the Co-op's membership. The number of family child care providers in Rhode Island increased from 776 to just over 1,000 during the period under study. Most of the increase was due to the growth (from 229 to 560) in the number of providers in the Providence area (RI KIDS COUNT 1999; RI KIDS COUNT 2002).[31] The influx of new family child care providers amplified the need for technical assistance, resources and support, and the Co-op was able to fill this need. Co-op staff attributed the organization's rapid growth during the study period to a mix of factors:

- During 2001, the substitute pool program and the potential availability of five paid vacation and five paid sick days attracted new members.

- Providers also joined the Co-op to take advantage of member discounts for classes and trainings offered there. During 2002, the Co-op charged members $5 for most trainings; the nonmember charge was $7 to $10. In June 2002, the Co-op undertook bulk mailings to all family child care providers in the state, detailing the schedule for Co-op trainings and workshops.

- The Co-op held trainings in Latino communities where a very high proportion of Co-op members have multiple social ties. The immigrant communities in the Providence area tend to be close-knit, and providers could hear about the Co-op through such sources as friends and contacts at church.

- The Co-op's growing organizational stability and high-visibility projects, such as the Cost of Care Campaign, attracted new members.

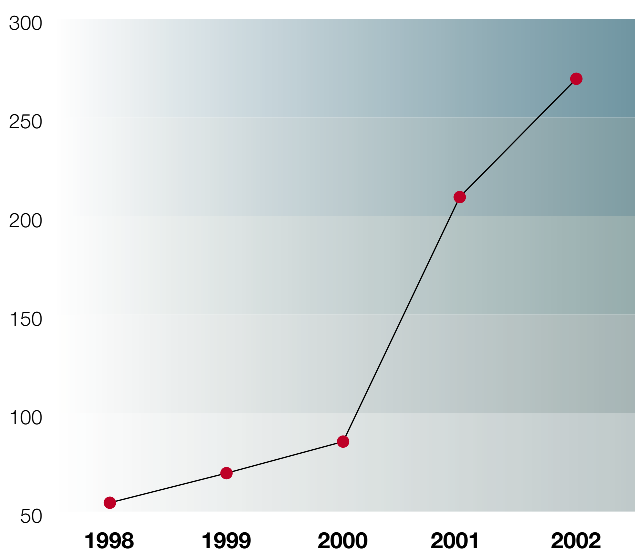
- The Co-op actively sought new members. In June 2002, a group of Co-op leaders were trained to conduct door-to-door solicitations of nonmember providers, using lists of licensed family child care providers.

Over the course of the Sectoral Employment Initiative, the Co-op's share of the family child care market in the Providence area, measured in terms of the number of providers in its membership, grew from roughly 26 percent to nearly 50 percent.[32] Given that all Co-op members served children whose care was subsidized by the state, the Co-op's share of the subsidized family child care market was even higher. The Co-op's increasing market share, coupled with the growing importance of family child care in the state and the fact that this expansion was taking place at a time of increased state spending on child care and the advent of welfare reform, served to strengthen the Co-op's influence in the overall family child care sector in Rhode Island.

In sum, during the period under study, the Co-op's organizing and advocacy efforts resulted in some successes, and even after defeats the Co-op continued to attract new members to its cause. The Co-op was not successful in getting legislation containing new compensation-related demands passed or in its effort to secure a contract with collective bargaining status with the state. On the other hand, the Co-op used its organizing power to hold back regressive steps, including two proposed legislative rescindments of rate increases and a Rhode Island DHS proposal for electronic fund transfer technology. The Co-op's organizing and advocacy power put it on the map in terms of being an important player in child care-related policy circles both within Rhode Island and at the national level.

Figure 2

Growth in Co-op Membership, 1998–2002



Source: Day Care Justice Co-op, Inc., records

The Economics of Family Child Care for the Co-op Members

A primary goal of our study was to understand the Co-op members' net income from child care and how it changed over time. Several events during the study period had the potential to affect members' net income, including the legislature's enactment of policy changes and the Co-op's implementation of new programs and continuing advocacy efforts. By conducting three interviews with members over a 30-month period, we expected to capture changes in provider revenues resulting from increases in state reimbursement rates or other sources of income. With use of the Co-op's programs and services, we expected to see a decrease in some providers' reported expenses and possibly an increase in others due to members' improved tracking and reporting of expenses for tax purposes.

A family child care provider's net income is the amount she earns after subtracting business expenditures from the gross income from child care. In Rhode Island, family child care providers' primary sources of revenue include payments from DHS for families eligible for subsidized care, payments made directly by parents, and reimbursement for food expenses through the USDA Child and Adult Care Food Program. The Co-op members' earnings from child care would have been greatly influenced by the reimbursement rates set by the state: all Co-op members served children whose care was subsidized by the state, and three quarters of members cared only for children eligible for state subsidies.[33]

As previously discussed, at the beginning of the study period in 1998, the US Department of Health and Human Services issued new regulations for child care funding, directing that states base their reimbursement rates for subsidized care on the prevailing rates in the child care industry, as determined through a market survey conducted once every two years. The premise was that this change would allow low-income children whose care is subsidized by the state equal access to child care programs used by children whose care is not subsidized. As part of the Starting RIght Initiative, the Rhode Island legislature mandated a series of increases in reimbursement rates for child care providers starting in 1998, with the goal of reaching the 75th percentile of the market rate by January 2001. An additional increase was enacted in January 2002 as a result of the market survey conducted in 2000. From 1998 to 2000, the average increase across DHS reimbursement rates to family child care providers was 56 percent; in 2002 rates increased by an average of 13 percent.

On the other side of the equation that determines providers' net income from child care is the amount they spend on operating their businesses. Tracking the costs of providing in-home care is a difficult task for both researchers and the providers themselves. Past studies have included the direct costs of providing care, such as expenditures on food, toys, household and office supplies, assistants, substitutes and professional dues, as well as the costs of purchasing furniture or equipment and making home repairs or renovations required for the child care business. Researchers have also included indirect costs as allowed by the IRS for the business use of the providers' home, including utilities, other indirect housing costs and the employer's share of Social Security taxes (see Helburn, Morris and Modigliani 2002; Marshall et al. 2003). Studies estimating the cost of family child care to society count in-kind donations, government subsidies and providers' foregone earnings as costs, and the value of child care for the providers' children as income (see Helburn, Howes 1996).

In this report, our interest was in determining the Co-op members' cash income from providing family child care. At the initial, 18- and 30-month interviews, we asked Co-op members about their sources of income and their expenditures. We found that providers' gross income from child care increased significantly while average expenditures remained stable, resulting in an increase in the effective hourly wage members earned and a decrease in the number of members living in households with incomes at or below the poverty line. This section explores these changes in greater depth.

Members' Average Gross Income from Child Care Increased by 48 Percent

Over the 30-month period between their first and last interviews, average monthly gross income from child care among Co-op members increased by $1,084, from $2,252 to $3,336.[34] The majority of the growth in providers' gross income from child care resulted from a $991 or 48 percent increase in the average amount members were paid by the state and parents for providing care (Table 7). Most of the change in gross pay resulted from an increase in the revenue providers received per child. As a group, the providers received an average of $370 in pay per child per month at the time of the initial interview and $488 per child per month 30 months later—a 32 percent increase.

Table 7

Change in Co-op Members' Monthly Gross Income (2002 Dollars)

	Pay from the State or Parents for Providing Care	USDA Child and Adult Care Food Program	Other Sources to Cover Child Care Expenses
At initial interview			
Percent who received source	99%	44%	5%
Average amount received	$2,093	$372	$494
At 18-month follow-up interview			
Percent who received source	100%	59%	4%
Average amount received	$2,877	$390	$259
At 30-month follow-up interview			
Percent who received source	99%	55%	5%
Average amount received	$3,099	$447	$644
Sources' contribution to overall change in provider gross income from initial to 30-month interview	+$991	+$82	+$8

Source: P/PV analysis of baseline and follow-up survey data.

A number of factors could have influenced the increase in providers' per-child pay. Increases in state reimbursement rates could have been responsible for boosting providers' income. Alternatively, providers could have raised the fees they charged parents, increased their efforts to collect parent fees, or increased the number of infants in their care, for whom providers are reimbursed at a higher rate (as compared to toddlers).

Although our data are not conclusive, the timing of the interviews and the fact that all Co-op members cared for children eligible for state subsidies suggest that the state reimbursement rate increases, described above, were the primary factor. The initial interviews were all completed after the January 1998 and 1999 rate increases took effect. However, the providers completed the initial and 30-month interviews before and after at least one of the later increases in 2000 and 2002—58 percent around the 2000 rate increase and 42 percent around the 2002 increase. The data indicate that providers interviewed before and after the 2000 rate increase experienced a 50 percent increase in average gross pay per child; and those interviewed before and after the 2002 rate increase experienced a 15 percent increase.

In addition to the increase in pay per child, nearly a quarter of members' increase in gross pay can be attributed to a rise in the total number of children they cared for as a group, which increased from 413 children at the time of the initial interview to 456 at the time of the 30-month follow-up interview. Among those still providing care at the time of the third interview, 45 percent had an increase in the number of children they cared for over the 30 months; 23 percent experienced a decrease; and about one third (32%) cared for the same number of children. The greatest percentage of providers cared for four to six children at both points in time, but the percent caring for groups of seven or more children increased over the period (Table 8).[35]

Finally, in addition to the increase in pay, the percentage of providers who received money through the USDA Child and Adult Care Food Program increased from 44 to 55 percent between the initial and 30-month interviews (Table 7). This increase in use of the food program accounted for about eight percent of the increase in providers' gross income.

Table 8

Average Number of Children Cared For, Per Day

	At initial interview	At 30-month follow-up
1 to 3 children	10%	15%
4 to 6 children	62%	44%
7 or more children	29%	41%

Source: P/PV analysis of baseline and follow-up survey data.

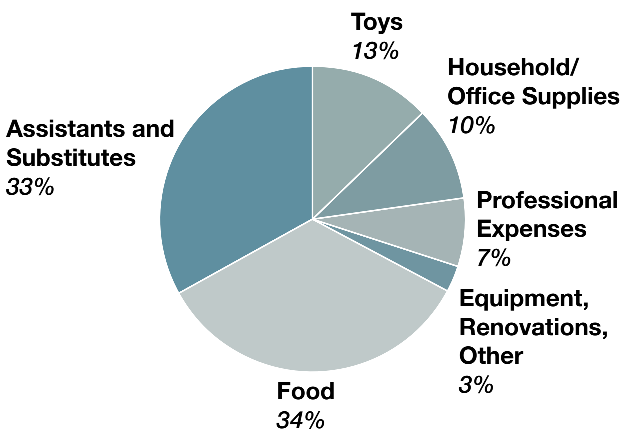
Members' Total Direct Costs of Providing Care Remained Steady

Co-op members' total direct costs from providing care remained steady over time, with average costs decreasing only slightly from $1,330 at the initial interview to $1,278 about 30 months later. Because providers' direct expenses remained steady while their revenues increased, their expenses as a percent of their total gross income dropped from 59 percent to 38 percent over this period. Figure 3 shows the distribution of providers' expenses at the time of the 30-month follow-up interview.[36] The two largest expenses were food and paying assistant caregivers. Paying assistants was the largest expense among providers who had them ($848 on average), but only about half (48%) of providers were in this category. While most providers (92) said they had an ongoing arrangement with another person to substitute for them in case of illness or vacation, only 11 percent of all providers had used a substitute in the previous month.[37] Purchasing toys, household supplies and office supplies accounted for 23 percent of providers' costs. Professional expenses, including dues, insurance and marketing, made up a small portion of costs.

In each of the years prior to the three interviews, most providers took steps to improve their businesses, with 81 to 90 percent purchasing furniture or equipment, including cribs or computers, and 72 to 82 percent making repairs or renovations to their homes at each point in time. Although these costs are distributed over time and make up only a small percent of monthly expenditures, they represent a considerable investment of providers' income in their family child care businesses.[38]

Figure 3

Monthly Family Day Care Expenses at the Time of the 30-Month Interview



Members' Average Net Income From Child Care More Than Doubled

At the time of the initial interview, providers earned an average net monthly income (gross income minus expenses) of $922 (Table 9). Thirty months later, members' average expenditures did not significantly change, but their gross income increased to $3,336, resulting in an average increase in net income of $1,136 per month.

Table 9
Co-op Members' Monthly Family Child Care Income and Expenses (2002 Dollars)

	At initial interview	At 18-month follow-up interview	At 30-month follow-up interview
Gross income from child care	$2,252	$3,118	$3,336
Expenditures	$1,330	$1,310	$1,278
Net income from child care	$922	$1,808	$2,058

Source: P/PV analysis of baseline and follow-up survey data.

The increase in net monthly income translates into an increase in annual earnings of $13,632 and total annual earnings of $24,696 at the time of the 30-month follow-up interview. Providers' estimated hourly wages based on their total net income and number of hours worked averaged $3.54 at the time of the initial interview and $7.39 at the time of the 30-month follow up.[39,40] Median hourly wages increased from $2.94 to $6.43. This 40 percent average annual increase in hourly wages is significantly greater than the 3 to 4 percent average annual increase experienced by center-based child care workers in the region during the study period.[41]

As previous studies have found, the most significant influence on providers' net income is the number of children in their care. Co-op members' monthly net income and estimated hourly wages increased significantly as the number of children they served increased (Table 10). Members who cared for four or more children were more likely to receive the USDA food program reimbursement and to require parents to sign a contract. They also worked more hours than those who served fewer children (67 versus 56 hours), primarily due to remaining open an average of eight hours more per week.

Table 10
Co-op Members' Net Income by Size of Family Child Care at the Time of the 30-Month Follow-up Interview (2002 Dollars)

	Monthly net income	Estimated average hourly wage
1 to 3 children	$693	$2.95
4 to 6 children	$1,812	$6.65
7 or more children	$2,822	$9.87

Source: P/PV analysis of follow-up survey data.

More Providers Were Covered by Health Insurance through the State

Certified family child care providers in Rhode Island are eligible for health insurance for themselves and their minor children through the state's RIte Care program. Almost all (96%) of the Co-op members who were still providing family child care at the time of the 30-month interview were covered by some form of health insurance. Most (83%) were covered by the RIte Care program[42]—a 25 percent increase over the number covered by RIte Care at the time of the initial interview. Seven percent of providers were covered by their spouse's employer and six percent by other sources.

The Percentage of Households Living in Poverty Was Cut by Nearly Two Thirds

Thirty months after the initial interview, Co-op members' average monthly household income increased by 65 percent to $3,263. The percentage of members living in households with incomes below the poverty line decreased from 44 to 15 percent over the 30-month period. Co-op members' net income from child care made up 66 percent of their total household income at the time of the third interview—an increase from 55 percent of household income at the time of the initial interview. The balance of household income primarily came from the earnings of other adult household members at both points in time. The percentage of members' households receiving food stamps or other food assistance declined to just 4 percent, and the percentage receiving TANF declined to 1 percent.

Co-op members' median net worth (the difference between the value of their assets and the value of their debts) increased over the 30-month period from $6,927 to $41,531, largely due to increases in the reported values of providers' homes. The rate of home ownership also increased from 60 to 79 percent, while the percent who owned a car or other vehicle increased from 79 to 88 percent. The percentage of members with credit-card debt increased from 59 to 74 percent, and the percentage with educational loans increased from 9 to 15 percent. Slightly fewer members reported other types of debt such as outstanding medical bills or overdue utility bills—a decline from 28 to 24 percent.

Summary

During the study period, Co-op providers experienced significant increases in their net income from child care, leading to a reduction in the percentage of members' households living in poverty. The timing of the interviews and the increase observed in the amount members were paid per child suggest that the state increases in reimbursement rates were the primary factor in bringing about this change. Providers also increased the number of children they cared for, resulting in higher net incomes.

Conclusions and Lessons for Sectoral Change Strategies

The story of the Day Care Justice Co-op has importance for many audiences, particularly those interested in sectoral employment strategies, for two key reasons. First, family child care is a fast-growing occupation—but one that traditionally confines workers to low pay and benefits—a conundrum that is a major concern of organizations employing sectoral approaches. Second, the Co-op provides a rich example of using a membership organization to improve the income and benefits associated with a poorly compensated sector through both member programs and services and organizing and advocacy efforts. In the universe of sectoral strategies, advocacy and organizing are generally much less widely utilized than are training and placement strategies. The Co-op story offers insights into a different approach.

The Co-op had ambitious goals at the start of the Sectoral Employment Initiative, including securing a contract with the state that would establish collective bargaining status; achieving a 50 percent increase in total compensation from the state, counting salary, benefits and expense payments; and implementing a wide array of programs for members. While the Co-op did not achieve all of these goals during the period under study, its achievements and the challenges it faced during this time offer a number of lessons for sectoral employment strategies.

The Co-op's Achievements Demonstrate Key Roles for Sectoral Initiatives

The changes that took place in the family child care sector in Rhode Island during the study period suggest that a sectoral change strategy combining advocacy and program development can significantly affect the economic well-being of low-income workers. The Co-op's experience demonstrates several important ways in which a membership organization can work to improve a low-income, low-benefit occupation.

Raising awareness among lawmakers and the public to influence policy. Advocacy and organizing efforts can draw attention to the plight of low-income workers by placing key issues and statistics out in the open. In Rhode Island, the state's reputation for low spending on child care, high child poverty rates and low pay for providers likely influenced lawmakers' decision to invest in the child care system. When the new legislation was under debate, the advocacy efforts of the child care community influenced the policies lawmakers adopted concerning the rate at which child care workers would be reimbursed. Our survey findings suggest that these policy changes led to significant increases in the income family child care workers received as well as decreases in the number of providers' families living in poverty. Co-op members' net income more than doubled and the percentage living in poverty was cut by two thirds (from 44 to 15 percent). The Co-op experience also demonstrated an important role for sectoral initiatives during tight fiscal times—preventing the legislature from rolling back the gains that had been afforded to workers. The Co-op and its allies twice were successful in opposing efforts by the state to rescind the mandated rate increases. Finally, in the

EFT campaign, the Co-op and other advocates successfully defeated a proposal that they perceived to be detrimental to the well-being of providers and parents by drawing publicity to the issue and mobilizing those affected against it.

An important feature of the Co-op that enabled it to attract attention to an issue and influence policy was its ability to grow and mobilize its membership. The Co-op expanded during the study period from 60 to 270 members, accounting for a significant share of the state's subsidized family child care. The Co-op repeatedly demonstrated its ability to organize its members into action by taking part in letter-writing campaigns, distributing materials and appearing at press conferences and legislative hearings. The Co-op's ability to attract and mobilize members advanced its position and power to advocate for changes in the sector. The participation of the workers who would be affected by policy changes lent legitimacy to the Co-op's claims and provided faces to workers who might otherwise remain anonymous in the policy process.

Increasing access to training for low-income workers. The Co-op utilized both program development and advocacy strategies to improve access to training and certification for low-income, minority child care providers. First, it created a training system that was affordable, multilingual and located in the urban neighborhoods where providers lived. Second, the Co-op obtained positions on key committees involved in implementing the Starting RIght initiative and advocated to make the mainstream training system more accessible and more respectful to providers of lower socioeconomic status and different cultures. The Co-op's efforts increased these providers' access to training and accreditation, enabling them to meet the sector's growing demands for greater professional development. The Co-op members surveyed overwhelmingly agreed that the Co-op had improved their access to training.

Performing the role of intermediary to provide economic development services to members. The Co-op accessed resources and grants that members could not have accessed as individuals, including the toy lending library, books and storytellers, computers and technology training, and mini-grants for improvements to their child care businesses. For a limited time, the Co-op became a contractor with the state to deliver the services of the Substitute Pool program to its members. This program improved the working conditions of the family child care providers who participated by enabling them to take vacation and sick days. Although the program did not continue once budget coffers diminished, the Substitute Pool amounted to recognition on the part of the state that it had a responsibility to enhance the working environment of providers who serve its child care caseload.

Changing the perceived value of low-income occupations. Finally, the Co-op achieved a more intangible goal of influencing the perceptions of family child care work among the providers themselves and among others. Sectoral strategies targeting low-earning, low-opportunity jobs often seek to increase the perceived value of these jobs and the people who perform them. The Co-op's efforts helped change the self-perception of providers and raised awareness among policymakers, the child care community and the general public about the importance of family child care work. New leaders committed to improving this work grew out of the Co-op's membership. Of the Co-op members surveyed, 96 percent agreed that the Co-op increased their opportunities to help improve the family child care field in Rhode Island.

Thriving in Two Worlds: The Challenges of Becoming a Sustainable Professional Organization While Maintaining a Grassroots Culture

The Co-op was grounded in a highly participatory culture that was membership-driven: the staff's orientation was to be very responsive to the needs of the membership, and members expected to be highly involved in the development of programs and services and in the organization's advocacy work. During the period under study, the Co-op pursued the dual goals of becoming a provider of services to its members and establishing its position as the representative for low-income family child care providers in policy circles. Achieving these ambitious goals required transforming the Co-op from an organizing project managed by volunteers to a sustainable professional organization with its own staff and board. Along the way, the Co-op faced a number of challenges in staffing and governing the organization, integrating its organizing tradition with its new roles and environment, and raising funds to sustain its activities.

Developing staff capacity in a participatory organization. The pursuit of the dual strategies of advocacy and the provision of services in one organization presumes a sophisticated venture with different types of staff expertise. An important characteristic of the Co-op was its almost exclusive commitment to hiring staff and electing board members from the communities and neighborhoods from which it drew its members. This commitment to indigenous staffing reflected a strongly held value of the Co-op leadership that the people running the organization must reflect the people they are serving. This was likely important to the Co-op's ability to attract members and mobilize them when needed, but the candidates typically lacked expertise in early childhood education and in running programs. Another dilemma was that the low pay of Co-op members made it difficult for the organization to justify well-paid staff. The Co-op's commitment to drawing staff from the community, plus the salary constraints, resulted in the organization having great difficulty hiring a stable staff that could build the operational capacity to achieve its policy and programmatic goals.

Governing within a highly participatory organizational culture. The Co-op also had difficulties balancing its tripartite structure of paid staff, board of directors and dues-paying members, many of whom participated regularly in the Co-op's meetings and committee structure. The governance structure of the Co-op tended to be fluid, lacking the definition of roles and responsibilities necessary for successfully integrating paid staff, the board and the volunteer members who were also "consumers" of the Co-op services. The lack of hierarchy fostered a lack of functional boundaries among the members, the staff and the board. This in turn led to governance tensions that resulted in considerable internal conflict, taking needed resources and attention away from other important areas.

Integrating a grassroots organizing orientation with engagement in the political process. The Co-op pursued—albeit with mixed results— two significant campaigns aimed at state policy during this period: the Cost of Care campaign and the anti-Electronic Funds Transfer (EFT) campaign. The Co-op was not successful in its attempt to change public policy by introducing legislation that would increase the compensation of family child care providers. In the process, it alienated some allies by not acknowledging the significant increases in reimbursement rates that the legislature had enacted and that the advocacy community had fought hard to achieve. While the Co-op played an important role in mobilizing forces against the EFT system, some in the advocacy community felt the need to distance themselves from Co-op tactics that they considered strident and combative, out of concern for damaging the relationships they had developed with administrators and lawmakers who had become allies.

The Co-op's experience illuminates the imperative that organizations involved in sectoral change initiatives possess the ability to reformulate goals and adapt strategies as circumstances change. For reasons likely related to the Co-op's desire to maintain its grassroots, participatory culture and the resultant staffing and governance difficulties, the Co-op was unable to adjust its strategies, tactics and goals in response to changes in the sector in which it was operating and to changes in its own position within that sector. In the Cost of Care campaign, the Co-op was unable to reformulate its goals to reflect external realities. The Co-op was vested in its claim that providers' net income had not increased, despite the reimbursement rate increases, and continued unsuccessfully to push state lawmakers for significant increases in providers' compensation.

The Cost of Care and EFT campaigns also reveal the need for an organization to adjust strategies as its position in a sector changes and new relationships are sought. During the study period, the Co-op became a respected player in policy circles representing the interests of low-income family child care providers. However, it had difficulty balancing this role with its grassroots organizing culture. The Co-op continued to use tactics that sought to incite its members to join in fighting against perceived injustices. While this strategy is suited to an organizing entity seeking to publicize an issue and increase its membership, it is problematic for an organization seeking to strengthen its position in political circles. The Co-op's failure to adjust strategies may have hurt its efforts to establish a contract system with collective bargaining status with the state.

Securing adequate funding for organizing and economic development activities. The Co-op's experience is testimony to the difficulties that are likely to be encountered in securing adequate funding for a sectoral strategy based on creating an advocacy and economic development intermediary. After initial funding from the public sector and a major foundation, the Co-op had difficulty sustaining its level of activity when these funding sources withdrew. By the end of the study period, the external funding picture had changed markedly. State government finances turned sharply from surplus to deficit, making lawmakers disinclined to adopt new initiatives that required increased spending or to renew programs initiated during the surplus, such as the Substitute Pool. Philanthropic foundation support also became more limited because of the weak overall economy. Despite the Co-op's many accomplishments during the study period, its leaders were unable to obtain new funding for its programs. Through its new partnership with the Service Employees International Union (SEIU), the Co-op secured resources for its organizing activity, but it still faced the prospect of considerable development work to raise sufficient monies to fund its other operations.

Conclusion

The Co-op was launched at a time when a number of factors came together to produce change. In the state's capital—where four in ten children were growing up in poor families—increasing numbers of low-income home-based child care providers were caring for low-income children. Federal policy was pushing states to encourage public assistance recipients to transition from welfare to work, and greater federal resources were being channeled into subsidized child care. At the same time, Rhode Island was experiencing a budget surplus brought on by the strong economy of the mid-to-late 1990s, and several key state government officials began to take more seriously the state's need to strengthen its child care system. Without the budget surplus and political will to improve the system, the rate increases and investment in training and other initiatives more than likely would not have occurred, despite the efforts of the advocacy community to bring attention to the issues facing child care workers. While this reality is sobering, it underscores the importance for organizations interested in sectoral change strategies to understand and to look ahead for the confluence of factors that can enable change.

The Co-op initiative is an instructive example of using a membership organization that provides services and advocates for members' interests vis-à-vis the state as a sectoral strategy to improve the conditions of a traditionally underpaid, low-status occupation. The Co-op story reveals the value of bringing together low-income, urban family child care providers of color who otherwise would have had relatively constrained access to the traditional resources available to white, middle-class providers. Co-op members became champions of their own cause and influenced child care policy when the state attempted to repeal the gains advocates had fought hard to achieve. The Co-op's growing recognition and visibility on issues affecting family child care providers made it the primary spokesperson for their interests. As a result, mainstream players invited the Co-op into policy circles. In a larger state, perhaps with multiple and competing spokespersons, this strategy arguably might be more limited. Finally, the Co-op experience demonstrates what a sectoral change strategy can achieve given not only an auspicious economic and political climate but also funding to support nontraditional workforce development activities.

Day Care Justice Co-op Developments 2003–2005

After the expiration of the Sectoral Employment Initiative, Co-op members continued their fight to improve the economic well-being of family child care providers and the quality of care available to low-income children through organizing and advocacy efforts. In Spring 2003, the Co-op organized members in an attempt to defeat two measures in the proposed FY2004 state budget pertaining to family child care. One measure called for a cancellation of the rate increase scheduled for January 2004 and was defeated. The second measure passed despite the Co-op's efforts; it established a three-quarter time tier in the family child care reimbursement structure for children in care between 20 and 30 hours per week.

Despite the Co-op's continued growth in membership, which had risen to about 300 by Summer 2003, funding for the Co-op's staff and services had dissipated. Taking their campaign in a new direction, Co-op members decided to ask the New England Health Care Employees Union, District 1199, part of the Service Employees International Union (SEIU), to help them form a union for family child care providers. The initial plan was to form a partnership in which the Co-op would retain its organizational identity, focusing on such tasks as training programs for its members, while the SEIU channeled resources into organizing efforts. However, the Co-op was unable to secure funding for continuing its programs or maintaining staff, and it ceased to operate as an independent nonprofit entity.

Despite this development, Co-op members continued to be active in the organizing efforts led by the SEIU. Providers served on committees at the union, attended rallies, spoke to state legislators and the media, and played a central role in electing a former provider and Co-op member to the Rhode Island House of Representatives in the 2003 elections. The SEIU employed the Co-op's former organizer as well as several others to carry out the organizing drive. By Fall 2003, the union announced it had collected more than 900 union cards from the state's 1,300 family child care providers, presenting them as evidence of widespread support for the unionizing effort.

In January 2004 family child care providers in Rhode Island sought to be declared state employees with the right to unionize and bargain collectively under existing law. District 1199 testified in hearings before the State Labor Relations Board arguing that family child care providers are de facto state workers because they receive much or all of their income from the state, are eligible for health insurance through the state's RIte Care plan and are subject to a high degree of state regulation and oversight. In April 2004, the State Labor Relations Board ruled in favor of the providers, who immediately planned to hold a government-monitored election to vote on whether to designate SEIU District 1199 as their collective bargaining agent. However, the governor filed a lawsuit and successfully blocked the Labor Relations Board's decision.

With the support of members of the state legislature, family child care providers then drafted a compromise bill that dropped the providers' bid to be treated as traditional state workers, instead seeking recognition as independent contractors with the state with the right to bargain collectively for wages and benefits through their union. In June 2005, both the state House and Senate passed the bill, named the Family Child Care Providers Business Opportunity Act of 2005, but it was vetoed by Governor Carcieri. At the time of this report, the union continued to organize providers and their supporters to persuade legislators to override the veto during the next legislative session.

Endnotes

1 At the state level, the composition of child care arrangements varies widely; in 2001, the share of children served with federal child care funds who were in family child care homes ranged from under 17 percent in 11 states to 50 percent or more in 7 states. See www.acf.hhs.gov/programs/ccb/research/01acf800/caretype.htm.

2 In addition to center-based and family child care providers, the study estimates that 35 percent of providers are paid relatives and 13 percent are paid non-relatives offering care in the child's home (Burton, Whitebook, Young et al. 2002). The average number of children per adult provider is lower in family child care homes than in centers, accounting for the finding that there is a greater number of children in centers but a greater number of providers in family care. See estimates in Maher, Brandon, Li et al. (2003).

3 DARE subscribes to a philosophy that direct action is a necessary tool for bringing about social change due to "the belief that governmental or private authorities will not respect the needs or demands of low-income minority populations unless confronted directly and in large numbers."

4 See Munoz et al. (1999) for a description of the campaign.

5 Coverage is available through RIte Care, Rhode Island's managed health care program for Medicaid recipients. Health care coverage has been available since January 1997 and dental coverage since April 1997.

6 See Appendix A for more information on the research methodology.

7 G. P. Anidjar, "Great States for Working Mothers," *Parents*, July 1999.

8 "Who Cares for Kids?: 6 States That Are Making a Difference and *Working Mother's* 8th National Survey," *Working Mother*, November 2000, 57.

9 Annual federal CCDF appropriations increased from $2.8 billion in 1995 to $8.0 billion in 2000 (Fuller, Kagan, Caspary et al. 2002).

10 See http://www.dhs.state.ri.us/dhs/press/chcreini.htm. Other accomplishments include: increased resources for training, professional development and accreditation of child care providers, and expansion of Head Start and comprehensive child care services for three- and four-year-old low-income children.

11 225 percent of the poverty level corresponds to an income of about $42,413 for a family of four.

12 Rate increases were enacted in January 1998 (the first comprehensive rate increase for licensed and certified providers since 1992), January 1999, July 1999, January 2000 and January 2002.

13 As of 2002, to qualify, a family child care provider had to be licensed and have been paid at least $1,800 by DHS for child care services within the previous six months. Beginning in 2002 all families enrolled in RIte Care with income above 150 percent of the poverty level were required to pay part of the premium for their health insurance. As of August 2002, the monthly premium ranged from $61 to $92. See www.dhs.state.ri.us/dhs/dheacre.htm.

14 This statistic refers to cities with a population of 100,000 or more.

15 According to the Co-op, in 2002 about 95 percent of Co-op members were from Providence, 4 percent from Central Falls, and the remainder from Pawtucket.

16 Marshall et al (2003) report that 21 percent of providers studied had a bachelor's or graduate degree; 24 percent had a two-year degree or technical diploma; less than a third had some type of certification; and almost all had training in child development or early childhood education. Helburn, Morris and Modigliani (2002) found that most providers had a high school diploma;

Helburn and Howes (1996) found that most (98 percent) had specialized training in child care.

17 McIntosh was one of the first Co-op members to receive her CDA degree and accreditation. She taught CDA classes and worked with CHILDSPAN to conduct accreditation introduction sessions.

18 Across the country, this idea has already taken root for center-based care, and has been expanding to family child care. Schulman, Blank and Ewen (2001) report that 22 states provide higher reimbursement rates for higher quality care. Family child care providers are eligible for these differential rates in a number of states.

19 As of early 2001, there were 973 family child care homes in Rhode Island; only about 12 were NAFCC-accredited, with 15 more applications pending. DHS and DOE were interested in encouraging accreditation to promote the safety and early education of children; currently, a $400 bonus payment to providers is offered. Clearly, meeting accreditation standards has implications for providers' capital expenditures.

20 The pilot was funded at $110,000 for two years; the initial contract was extended to February 2002.

21 The four types were: (a) Floater: a new certification category for licensed providers, with no permanent station of their own, who can provide care in the sick or absent providers' home; (b) Stationary Home Provider Substitute: regular, certified family child care providers with their own permanent stations who can absorb another provider's children into their settings on a temporary basis; (c) Provider Assistant with a Floater: assistants with a floater who are already approved by DCYF; and (d) Provider Assistant with an Emergency Caregiver: DCYF-approved assistants working with the absent or sick providers' designated Emergency Assistants.

22 Co-op leaders reported that this point-of-service system at the time was used in only one other state—Oklahoma—where it was designed by Lockheed Martin.

23 Some 43 providers came to an information meeting on EFT, and 54 providers attended a related Direct Action Workshop conducted at the Co-op for the Anti-EFT Campaign.

24 Text from a letter by Judy Victor, executive director of the Day Care Justice Co-op., Inc., (March 26, 2002) announcing the release of the Co-op's cost-of-care report, *Mucho Trabajo, Poco Dinero.*

25 This figure was based on a survey of 20 Co-op members about their child care income and expenses.

26 DHS objected to the first bill, arguing that it would necessitate hiring two new full-time staff to handle the increased administrative work. Though the bill was not taken up by the Legislature, there were indications that DHS might go forward with a direct-deposit system.

27 Three possible vehicles for obtaining state employee status are: a) petitioning the state labor relations board to declare family child care providers working on contract with the state to be employees either of the state or DHS; b) direct actions by providers that pressure the state into granting providers employee status vis-à-vis the state; and c) legislative action to create an authority that would be the providers' employer (for example, a quasi-public agency).

28 The states were: Vermont, New Hampshire, California, Virginia and North Carolina.

29 An Advisory Committee on Child Care and Development replaced the Implementation Subcommittee that guided this process. Co-op members continued to serve on the new committee during the study period.

30 The full title is *Raising Our Future: Investing in Providence's Youngest Children. A Report of the Early Childhood Task Force to Mayor Vincent A. Cianci, Jr.*, October 2000; it can be found at www.provplan.org.

31 Over the same period, the number of family child care providers grew from 10 to 28 in Central Falls and from 67 to 79 in Pawtucket (RI KIDS COUNT 1999; RI KIDS COUNT 2002).

32 In 1998, there were 60 Co-op providers and 229 providers in the Providence area as a whole. By 2002, there were 270 Co-op providers and an estimated 560 providers in the Providence area.

33 According to the former executive director, Judy Victor, in an email dated December 4, 2003.

34 Data are for the 73 co-op members who were still providing day care in their homes at the time of the 30-month follow-up interview and who provided income and expense data at both points in time. All amounts are in 2002 dollars.

35 Rhode Island allows up to eight children in a family child care home with one provider present and 9 to 12 children in a family child care home with two or more providers present. The allowable ratio of children to one provider varies by the age of the children (Morgan, Azer 2001).

36 The distribution of providers' expenses was similar over time; therefore, we present only one time period.

37 Assistant caregivers are people the provider pays on a regular basis to provide assistance caring for the children. Substitutes are people the provider pays to provide care when the provider is absent due to such circumstances as illness or vacation.

38 Following IRS standards, renovations or repairs made to the providers' home were depreciated using a straight line method with a 25-year recovery rate; equipment purchased for the child care business was depreciated using a double declining balance system with a five-year recovery period.

39 On average, providers spent 65 hours a week providing care and completing other business-related tasks at the time of the initial interview and 66 hours at the 30-month follow-up.

40 The effective hourly wage we find is significantly greater than the $2.76 reported in the Co-op's Cost-of-Care report (Kurland, Marbaix, Yepez 2002). Possible reasons for the differences could be the greater number of Co-op providers interviewed for our study, differences in the way income and expenses were measured and calculated, and the timing of the surveys. The Co-op study interviews were conducted in 2001 prior to the 2002 rate increase, while two thirds of providers in our study were interviewed after this increase took effect; however, the 2002 increase was much smaller than the increases that took effect from 1998 to 2000.

41 Percent increases in hourly wages are estimated based on analyses of data from the following sources: 1) A Keystone Research Center analysis of Current Population Survey (CPS) data on the median hourly wages of center-based early childhood education workers in Maine, Rhode Island, Vermont, New Hampshire, Massachusetts and Connecticut from 1999 through 2003; and 2) Occupational Employment and Wage Estimate (OES) data on the median hourly wages of child care workers in Rhode Island from 1999 through 2003, available at http://www.bls.gov/oes.

42 Members could be covered by RIte Care either through the child care provider program or through Medicaid.

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Appendix A
Survey Methods and Description

The Surveys. P/PV subcontracted with Abt Associates Inc. to conduct two waves of telephone interviews with Co-op members between 1999 and 2002. We attempted to interview all current members who were active in the Co-op in Spring 1999 as well as new members who joined the Co-op in 1999 and 2000. Of the 123 eligible members, 116 or 94 percent completed the first interview. Interviews were conducted in both English and Spanish with 90 percent of members choosing to interview in Spanish.

At the time members completed the first interview, they had been in the Co-op for varying amounts of time, ranging from less than a month to 12 years; the median time in the Co-op was 15 months. Thus, the first survey was not a true "baseline" capturing members' characteristics at the time they started participating in the Co-op. Rather, the surveys were designed to capture information about the members and their businesses at two points in time so that we could learn, among other things, how their child care income and expenses changed over the study period.

Members became eligible for the second wave of the survey 18 months after their first interview. Between November 2000 and November 2002, 97 members completed the second interview (79 percent of the 123 study-eligible members and 84 percent of those who completed the first interview). On average, the second interviews were completed 20 months after the initial interview.

The surveys included questions about Co-op members' demographic characteristics, education, housing status, household composition, household income, assets and debts. The surveys also captured detailed information about members' family child care businesses, including their income and business-related expenses. Many of the questions about providers' child care businesses were adapted from a survey developed by Kathy Modigliani at Wheelock University.

Providers' income from child care is based upon the providers' reports of the actual amounts they received from the following:

1) Payments from the state and from customers for providing care in their homes;
2) The food reimbursement program or USDA Child and Adult Care Food program; and
3) Other sources to help cover their family child care expenses.

Providers' child care business-related expenses are based upon the amounts the providers reported spending for the children they cared for (and not their own families) on the following:

1) Food;
2) Toys, art materials and other children's supplies;
3) Household supplies, such as bleach or paper towels;

4) Office supplies, copying, postage;
5) Marketing, including advertising and printing;
6) Paying assistant caregivers;
7) Paying another person as a substitute in case of illness, emergency or vacation;
8) Professional expenses, such as dues, publications, tuition, conferences, travel or business fees;
9) Liability insurance;
10) Other business expenses;
11) Equipment or furniture (such as a crib, outdoor climber, or computer); and
12) Cost of renovations to house the child care business (such as painted walls, carpeted, or replaced windows).

Providers were asked how much they spent on each item either during the previous month or the previous year, depending upon whether the item was a regularly occurring expense or one that might occur once or twice per year.

Limitations. Our analysis is limited by the fact that we had to rely entirely on members' self-reports of their income and expenses, collected during a telephone interview. We did not have access to tax forms, a source used in other research on this topic, which would have provided the actual business income and expenses the providers reported to the IRS. However, relying on IRS tax forms can also be problematic due to under- or over-reporting of income or expenses and because some providers do not file returns (see Helburn, Morris and Modigliani, 2002). Prior to the initial interview, Co-op members were informed of the types of questions that would be asked and, during the interview, were asked to refer to any business records or tax forms that would be helpful in answering the questions.

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