

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL

241

AN ANALYSIS OF COSTS AND
APPLICATION OF STANDARDS TO
RESIDENTIAL CHILD CARE FACILITIES

APRIL 1975

TO THE
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April 17, 1975

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of
the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

I am today releasing the Auditor General's report on a comparative cost analysis between state, county and private programs that provide treatment in residential child care facilities. The audit was requested by Assemblyman Leo McCarthy. Federal, state and local regulations encompassing health, safety, fire, zoning and labor standards are reviewed in the report, with regard to their uniform application to both private and public programs.

The scope of the review covered 18 facilities which included two facilities administered by the state, six county facilities and ten private agencies.

The Auditor General's report contains the following information:

- The cost of care is affected by several factors and does not vary solely upon whether the child care facility is operated by the state, the county or the private sector. The largest single determinant of the cost of care is salary expense, which constituted 67.7 percent of the total cost of care among the facilities reviewed. The two factors which have the most significant influence on the total cost are the type of child receiving care and the nature of the treatment program. The monthly cost per child in the 18 facilities ranged from \$575 to \$2,043.

The Honorable Members of the Legislature
of California
April 17, 1975
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- The full cost of care is not being paid by the county agencies responsible for placing children, the difference being offset by a variety of subsidies which ranged in our study from \$13 per month per child to \$361 per month per child. In the private sector, the range of subsidies was from \$15 to \$242 per month per child.
- Adherence to the May 1974 amendment to the Fair Labor Standards Act would increase child care salary costs by a maximum of 8.3 percent in both the public and private sectors of the industry. This amendment reduced the standard work week from 48 hours to 40 hours, with hours worked in excess of 40 to be compensated at one and one-half times the regular rate.
- There are two major inconsistencies that exist in the application of standards. Specifically, the Department of Health has been required to adopt an equitable and uniform method of evaluating the quality of care and services rendered by private child care facilities. However, no such requirement exists for county-operated facilities.
- The other inconsistency in the application of standards involves state labor regulations. The provisions of these regulations pertain exclusively to the private sector. Employees directly employed by the federal government, state or any county are specifically exempted from the provisions of the state's labor regulations.

The Auditor General has concluded that if program evaluation is a beneficial tool in the determination of the quality of care in the private sector, it would be of equal importance in the evaluation of county-operated facilities.

State labor regulations, which are currently in litigation, could have a significant additional impact on the total cost to the private sector of the child care industry, unless some employee working schedules could be changed. Child care salaries could increase by 30 percent.

Respectfully submitted,



BOB WILSON, Chairman
Jt. Legislative Audit Committee



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April 16, 1975

Honorable Bob Wilson
Chairman, and Members of the
Joint Legislative Audit Committee
Room 4126, State Capitol
Sacramento, California 95814

Dear Mr. Chairman and Members:

Transmitted herewith is our report on a comparative cost analysis between state, county and private programs that provide treatment in residential child care facilities. Federal, state and local regulations encompassing health, safety, fire, zoning and labor standards, are reviewed in the report with regard to their uniform application to both private and public programs.

Respectfully submitted,

Harvey M. Rose
Auditor General

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INTRODUCTION

In response to a legislative request, we have reviewed selected residential child care facilities to obtain data for a comparative cost analysis encompassing state, county and private programs. Residential child care facilities provide treatment on a 24-hour, out-of-home care basis for children who for various reasons cannot receive the care or supervision they need in their own homes. The 1973-74 fiscal year is the period covered in the review. The report also includes a summary of the federal, state and local regulations which encompass health, safety, fire, zoning and labor standards, and a review of the application of these standards to determine if they are applied uniformly to both the public and private sectors.

The scope of the review includes two facilities administered by the state, six county facilities and ten private agencies. Representatives of both the public and private sector were contacted and consulted prior to the selection of the facilities included in the review to assist us in a selection of facilities that would represent a cross section of the residential child care industry. The review includes the following facilities.

State Programs

1. O. H. Close (California Youth Authority)
2. Napa State Hospital (Children's Unit)

County Programs

1. Chabot Boys Camp (Alameda)
2. Camp Afflerbaugh (Los Angeles)
3. Camp Gonzales (Los Angeles)
4. Los Palmas School for Girls (Los Angeles)
5. Rancho Del Campo (San Diego)
6. Log Cabin Ranch (San Francisco)

Private Programs - Institutions

1. Boys Republic (San Bernardino)
2. Boys' and Girls' Aid Society of San Diego (San Diego)
3. Convent of the Good Shepherd (Los Angeles)
4. Lincoln Child Centers (Alameda)
5. Rancho San Antonio (Los Angeles)
6. San Diego Children's Home Association (San Diego)

Private Programs - Group Homes

1. Charila Foundation (San Francisco)
2. Foxborough West (San Francisco)
3. Good Samaritan Centers (Riverside)
4. Sacramento Children's Home (Sacramento)

Placements of children into the facilities are made through county departments of mental health, probation and welfare. These county placement agencies finance, with state and county funds, a substantial portion of the costs of the child care facilities. There are also a limited number of

voluntary private placements into private facilities. When a county facility receives a child through one of the county placement agencies, the facility becomes in effect a vendor of services to the county in the same manner as if the child were placed in a private facility. However, the rate of payment received by the private facilities for county placements is determined individually through annual negotiations with the county.

The type of children receiving care and services rendered by the facilities reviewed varied greatly. The children's ages range from 5 to 18 and are composed of both boys and girls. The kinds of problems the children have vary from immaturity or an inability to cope with society to severe mental or emotional illnesses. The nature of the treatment program at the facilities dictates the type of services provided. The following services were noted during the course of the review: group, individual, and family counseling; psychiatric services; behavior modification; work experience programs; residential living; recreational activities; and emancipation programs which prepare an adolescent for independent living.

Cooperation by staff personnel of facilities visited during our review provided valuable assistance in the timely completion of necessary field work.

COMPARATIVE COST ANALYSIS FOR SELECTED
STATE, COUNTY AND PRIVATE RESIDENTIAL
CHILD CARE FACILITIES

In order to present the cost data in the most meaningful form, total cost of operations has been converted to cost per child per month. This makes it possible to compare large and small facilities.

Categorization of Cost Data

Costs have been classified in seven categories which represent the basic types of costs incurred by providers of service in the residential child care field. The seven categories are: administration, child care, personal care, medical, maintenance, security and other. These are described briefly below.

Administration: Administrative and clerical salaries, office supplies, postage, and legal and auditing fees

Child Care: Child care and social workers salaries, children's allowances, contracted counseling, staff training and program research and development

Personal Care: Cooks and housekeepers salaries, food, clothing and recreation

Medical: Doctors' and nurses' salaries, dental and other medical expenditures, also, psychiatric services are included here because for many facilities the services were provided by third parties and not accounted for separately.

Maintenance: Maintenance salaries, buildings and grounds maintenance expense, depreciation and rent

Security: Security salaries

Other: Taxes, insurance and dues.

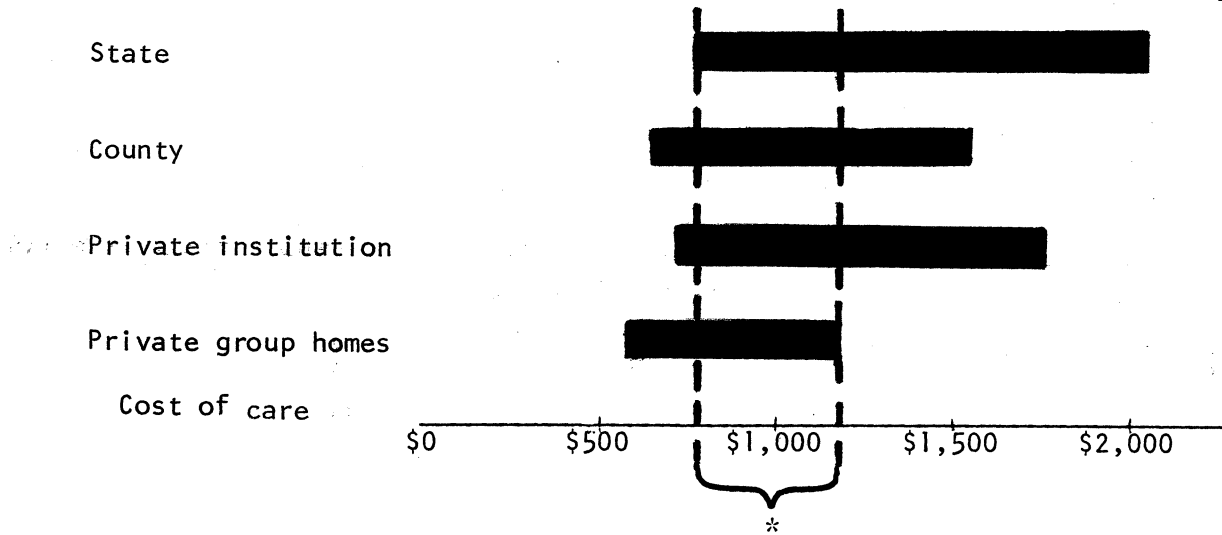
The total amount expended during 1973-74 by the 18 facilities we reviewed was approximately \$17,200,000. This amount represents actual expenditures made by the agencies as well as imputed cost. Imputed costs, for the purpose of this report, are all values which contribute to the program for which no cash expenditure is made by the facility. Examples of this are: donated monies, goods, time, and medical expenses covered by third parties such as Medi-Cal. Education expenses have been deleted from the cost of care presentation because of the difficulty in obtaining accurate cost data for most of the facilities. Some of the agencies utilized public schools exclusively while others provide their own schools.

Cost Analysis

The total cost per month per child is presented by facility in Appendix A on page 19, along with a detailed breakdown of the cost into categories. The percent of each category to the total cost of care is also contained in Appendix A. The monthly cost per child ranged from \$575 to \$2,043. Exhibit 1 on page 6 shows the total range of cost of care on a monthly basis for each sector included in the study.

EXHIBIT I

TOTAL MONTHLY COST RANGES BY SECTOR



The range of the cost differential between the high and low facility is \$1,468 and the cost overlap between sectors is \$390. The cost overlap represents approximately 26 percent of the total cost range. However, 44 percent of the total facilities included in the study, fall within the cost overlap range. At least one facility from each of the sectors studied is included in this range. It is evident that the cost of care does not vary based solely upon whether the facility is operated by the state, the county or the private sector.

There is a relationship between the total cost of care and the child care cost. Appendix B on page 20 presents, in bar-chart form, the total cost of care for each of the facilities and the child care cost. Programs that have a relatively high cost of care also have a correspondingly high expenditure in the child care cost category. Program costs are to a large extent determined by the type of child in the program and the nature

of the treatment philosophy. If the treatment program requires a staff-child ratio of one to one, the total program cost will obviously be higher than a program with a ratio of one to eight, assuming all other aspects of the treatment program are the same. Every facility reviewed employed a treatment approach composed of program segments which included one to one staff-child contact and group counseling sessions. However, the emphasis placed upon the particular program segment depended in part on the nature of the child's problem, and the overall treatment philosophy at the facility. It is clear that there are both high and low cost programs that are administered by the state, county and private agencies, and there are different types of treatment programs in each sector.

The largest single determinant of the cost of care is salary expense, which constitutes 67.7 percent of the total cost of care in the 18 facilities we reviewed. Salaries for staff providing direct service for children, i.e., counseling, social workers, etc., constituted 43.5 percent of the total cost of care in these facilities. Appendix C on page 21 provides a percentage breakdown of salary cost by facility.

Cost Subsidies

The full cost of care is not always borne by the county child placement agency. The funds necessary to cover the cost which are not reimbursed by the placing agency must then be obtained through other sources. These sources constitute subsidies to the child care industry. Appendix D on page 22 presents the total amount of the subsidies per child per month and their sources. The subsidies vary from \$13 to \$361 per child per month. In the private sector the range of subsidies was from \$15 to \$242 per child per month.

In the public sector, facilities receive amounts equal to the cost of care either from the state or county. The only exception to this is special federal grants which are designated for specific purposes.

In the private sector, without exception, the rate of reimbursement received from those placing the children is below the actual cost of care.

There are many sources of subsidies. Some are small contributions of goods, time or money from individuals, while others are sophisticated revenue-producing operations. The reasons for reliance upon the subsidies also vary. Due to county rate-setting policies, certain costs are not considered includable in the rate structure, thereby creating a deficit which necessitates a subsidy. An example of this is depreciation expense incurred by providers in the Los Angeles County area. This noncash expense is not reimbursed in the rate of payment. This is not true of the providers of service in the northern counties. They are allowed to include depreciation of their capital assets in their rate. This inconsistency places a greater burden on some facilities to find and develop other sources of funds, which may be used to replace or expand their facility.

The existence of subsidies allows some facilities to request a rate of reimbursement from county placement agencies for services provided to the children which is lower than the actual cost incurred by the facility for providing those services.

COMPARISON OF STANDARDS APPLIED
TO STATE, COUNTY AND PRIVATE
RESIDENTIAL CHILD CARE FACILITIES

Introduction to Standards

The standards applied to residential child care facilities include health, safety, fire, zoning and labor. The first three are applied to both the public and private sectors by either the Department of Youth Authority, or by the State Department of Health. Of the facilities examined in our review, zoning standards had impact exclusively upon private agencies operating group homes. The Fair Labor Standards Act (FLSA) is applicable uniformly to state, county and private facilities. State labor regulations apply only to private facilities.

Standards Applied to State Facilities

Fire and safety standards are applied to Youth Authority facilities by the Youth Authority, while health standards are applied by the Department of Health. Fire, safety and health standards are applied internally to the Department of Health facility. Both Youth Authority and Department of Health facilities have their own on-grounds fire departments. The Department of Health also requires an annual inspection of its state-operated facility by the State Fire Marshal.

Standards Applied to County and Private Facilities

Health, fire and safety standards are applied to county camps and ranches by the Department of Youth Authority and to private institutions and group homes by the Department of Health. Though administered separately, they are applied uniformly to both county and private facilities with only minor variations.

Health

County facilities must submit a local health department certification of having met minimum health standards to the Youth Authority for annual approval. Private facilities are required to submit the same certification to the Department of Health for an annual license. Variances in the standards exist from county to county, but are not dependent upon whether the facility is operated privately or by the county. In the case of one facility operating group homes in several counties, it was noted that some counties applied minimum cleanliness and sanitation standards, while two counties applied the more stringent minimum restaurant standards.

Fire and Safety

No variance was noted in the application of fire and safety standards. Both the Youth Authority and the Department of Health require State Fire Marshal clearance for approval in the case of county facilities, and license in the case of private facilities.

Zoning

The Youth Authority does not require conformity to local zoning regulations for its approval of county facilities, and private institutions reviewed were either located in unincorporated areas where zoning was not a consideration, or they were in existence prior to the establishment of local zoning ordinances. One institution visited has been operating in its present location since 1910. In contrast, the Department of Health does require private group homes to locate in a residential setting.

Conformity to local zoning ordinances required by the Department of Health for private group homes is therefore a necessity not applicable to county-operated facilities. The problems arising from this requirement were discussed in detail in the March 1974 Department of Health report entitled Impact of Local Zoning Ordinances on Community Care Facilities. The report pointed out that local resistance to the establishment of community care facilities stemmed from the fact that residents "do not want to be placed in the position of having to cope with the stigma attached to these types of individuals or be in daily contact with them".

The Welfare and Institutions Code, Section 5116 provides that group homes of six or fewer children constitutes a residential use of property. Group homes of more than six children are subject to local zoning ordinances. Variances in county regulations were evident in our review.

Program Evaluations

In addition to the other standards applied by the Department of Health to private facilities, the department is required to adopt an equitable and uniform method of evaluating the quality of care and services on or before July 1, 1975. County-operated facilities are specifically exempt from this requirement by Section 1505 of the Health and Safety Code. This exemption constitutes a major inconsistency in the application of standards between the county and private sector.

If program evaluation is a beneficial tool in the determination of the quality of care in the private sector, it would be of equal importance in the evaluation of county-operated facilities. Since the Department of Health will not be performing program evaluations for the county facilities, we conclude that the Youth Authority should incorporate this requirement in their annual review of county-operated facilities, or contract with the Department of Health to provide this service for them.

Application of the Fair Labor Standards Act

Introduction

Federal labor standards defined in the Fair Labor Standards Act (FLSA) of 1938 and subsequent amendments thereto establish requirements for employee hours and compensation. The 1966 amendment to the FLSA expand the coverage of the original provisions to include child care workers. Specifically, the amendment provided for a work week for the child care segment of the industry of 48 hours with excess hours worked in any week to be compensated at one and one-half times the regular hourly rate. The May 1974 amendment to the Act reduces the standard work week to 40 hours with any excess hours worked compensated at one and one-half times the regular rate. As stated earlier, the FLSA has uniform application to state, county, and private child care facilities.

Maximum Dollar Impact

As previously stated, salary expense, for the 18 facilities in the review, made up 67.7 percent of the total cost of care. Therefore, any

regulation that affects labor cost will have a corresponding impact upon the total cost of care. The maximum dollar impact of the May amendment to the FLSA upon the industry, as computed in Exhibit 2 below, is an increased child care salary cost of 8.3 percent, assuming an employee was working a 48-hour week and the facility was in compliance with the FLSA prior to the amendment. This also assumes that the facility continued its same staffing pattern and same hourly rate of pay subsequent to the amendment.

EXHIBIT 2

MAXIMUM DOLLAR IMPACT ON
RESIDENTIAL CHILD CARE FACILITIES
OF THE MAY AMENDMENT TO THE FLSA

	<u>Hours Worked</u>	<u>Assumed Hourly Wage</u>	<u>Total Earnings Per Week</u>
Prior to May amendment	<u>48</u>	<u>\$2.00</u>	<u>\$96.00</u>
Subsequent to May	40 regular <u>8</u> overtime	\$2.00 3.00	\$80.00 <u>24.00</u>
Total	<u>48</u>		<u>\$104.00</u>
Dollar Increase			<u>\$8.00</u>
Percentage Increase			<u>8.3%</u>

The extent of the impact of the May 1974 amendment disclosed during our review, ranged from no increase in 1973-74 child care salaries to 8.3 percent for 16 of the 18 facilities making up the study group. The impact on the other two facilities was 13.1 percent and 18.7 percent. Neither of these two facilities was in compliance with the overtime provisions of the FLSA prior to the May amendment. Two other facilities were not in compliance with the prior provisions of the Act, but in both cases the violations were

minor having little effect on the total actual impact. Appendix E on page 23 lists the total percentage increases in child care salaries encountered in the review, identifies the portion due to prior noncompliance and states any violation of either presently existing or past provisions of the Act.

As evidenced by Appendix E, three facilities had salary increases in excess of 8.3 percent, but as previously stated, only two exceeded 8.3 percent as a result of the May 1974 amendment. The absence of an increase in child care salaries indicates that the facility was in compliance with the provisions of the May amendment to the Act prior to its effective date.

The dollar increase in child care salaries resulting from the 1974 amendment ranged from \$0 to \$21,918 with a cost of care per child per month range of \$0 to \$52. For those four facilities not in compliance with the prior provisions of the Act, the total increase in cost ranged from \$5,980 to \$63,863. The total increase in the cost of care per child per month for these four facilities varied from \$21 to \$209.

Staffing Impact

Some of the steps taken by the facilities as a result of the May 1974 amendment include:

- Changing staffing schedules to reduce the hours worked per employee
- Reducing the hours worked per employee, and hiring part-time employees to fill in

- Maintaining previous staffing schedule and paying employees at one and one-half times their regular rate of pay for hours worked in excess of 40.

State Labor Regulations

The FLSA provides that to the extent state labor regulations provide for more stringent overtime requirements than the terms of the FLSA, they take precedence over the FLSA. However, due to the recent changes that have occurred in regard to state regulations, a question exists as to whether any state regulations are currently being enforced.

Officials at most facilities visited expressed concern and two displayed misunderstanding concerning the state regulations regarding wages and hours worked for the child care industry.

The State Industrial Welfare Commission issued Order 5-68 on May 1, 1968, which on its face is applicable to women and minors only. The order provides for payment of one and one-half times the regular hourly rate for all hours worked in excess of forty per week and for eight hours per day. Two times the regular rate is required for hours worked in excess of 12 per day. Order 5-68 was held invalid by the Ninth Circuit Court of Appeals.

The commission promulgated Order 5-74, which was applicable to all employees in the private sector. Order 5-74 provides that one and one-half times the regular hourly rate be paid for hours worked in excess of forty per week and/or ten per day, with two times the regular hourly rate for hours worked in excess of 12 per day. However, this order has been permanently enjoined by the Superior Court of San Francisco.

However, based upon statements by the Chief of the Industrial Welfare Division, Order 5-68, which was declared unconstitutional, is still in effect because the case is being appealed to the U.S. Supreme Court and a stay of the lower court's decision was obtained. Due to the equal pay provisions of Section 1197.5 of the State Labor Code, the overtime provisions of Order 5-68 now apply to both men and women.

Industrial Welfare Commission Order 5-74, effective March 4, 1974, amended the provisions of Order 5-68. The amendment specifically exempts employees directly employed by the federal government, state or any county from the provisions of the state labor regulations as set forth in Order 5-68.

The application of state labor regulations to the private sector only constitutes a major inconsistency in the application of standards between the public and private sector.

Because of the litigation, and uncertainty as to applicability of the orders of the Industrial Welfare Commission, most facilities have followed the FLSA regulations exclusively. However, one facility, in its efforts to comply with Order 5-74, adopted different staffing patterns for two groups of employees. Group one works 32 hours per week, but because they work 16 hours per day for two days, the facility pays them one and one-half times the regular hourly rate for the hours each day in excess of 10 for a total of 12 hours of overtime per week. The other group works 11 hours per day for five days a week and the employees are compensated at the time and one-half rate for all hours in excess of ten per day for a total of five hours overtime per week. (A correct

interpretation of Order 5-74 would actually have provided for 15 hours of overtime pay per week for this second group.)

Compensation for the first group meets the requirements of both Order 5-74 and the FLSA. However, Order 5-74 never became effective and Order 5-68 requires the payment of overtime for hours worked in excess of eight per day, not ten.

Impact of State Regulation

Many facilities currently in compliance with all aspects of the Fair Labor Standards Act have staffing patterns which require employees to be on duty in excess of eight hours per day. Unless some employee working schedules could be changed, the state regulations, if enforced, could have a significant additional cost impact upon the industry. As a typical example, a facility adopting a cost efficient staffing schedule which requires an employee to work two 24-hour days and eight hours into the third day would have no overtime payment requirement under the FLSA as long as each 24-hour day includes an eight-hour sleep period.

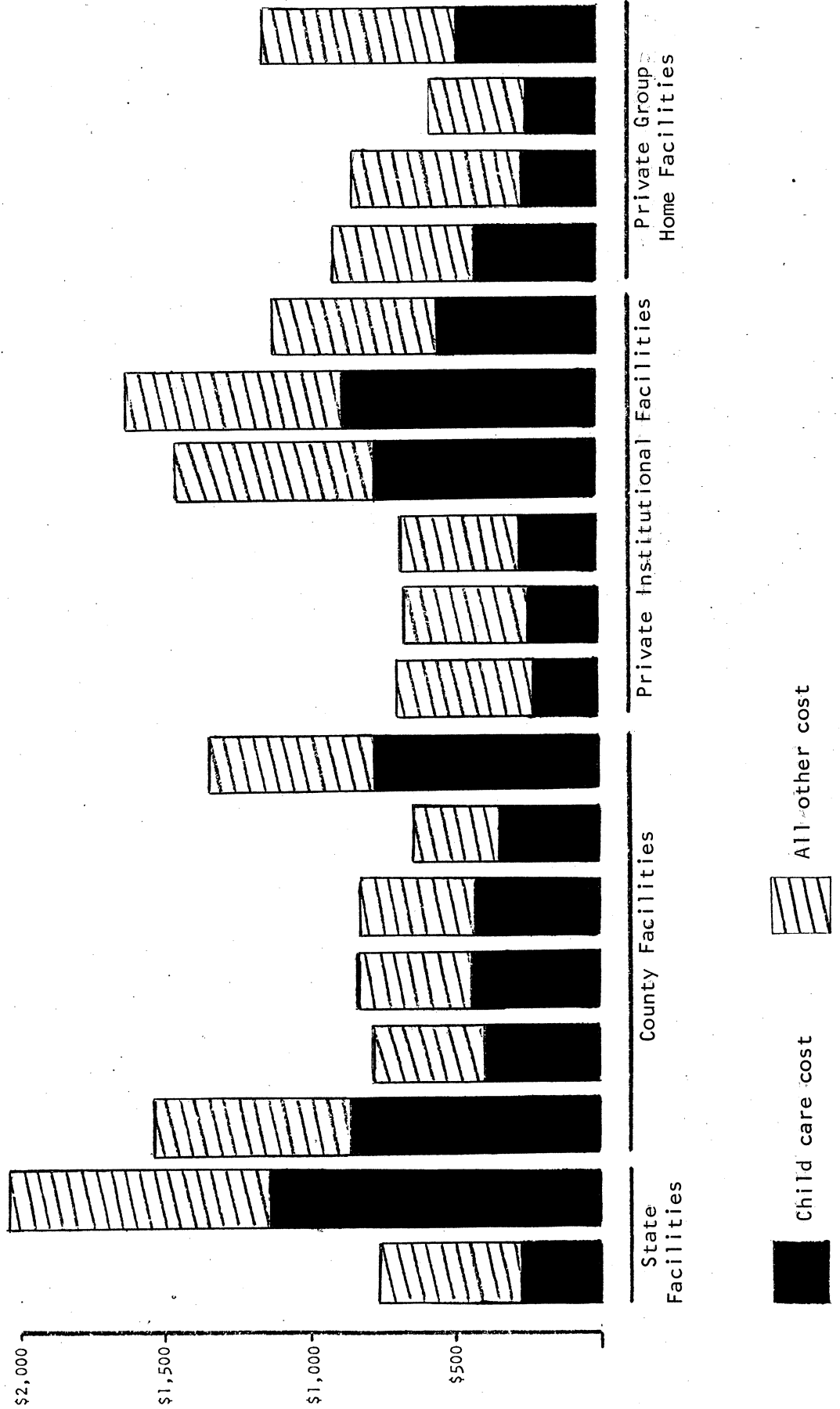
As stated above, under federal standards, no overtime pay is required since, excluding sleep time, an employee would be paid for 16 hours for the first day, 16 hours for the second day and 8 hours for the third day, for a total of 40 hours. However, under state regulations, Order 5-68, if enforced, would, in the private child care facilities, necessitate payment of the equivalent of 22 hours for the first day, determined as follows: 8 hours of regular time,

4 hours at time and one-half, or the equivalent of 6 hours, and 4 hours at double time, or the equivalent of 8 hours. The rate for the second day is determined in the same manner. Finally, 8 hours of work for the third day are compensated as regular time for a total of 52 hours of compensation for 40 hours of work, or an increase in child care salaries of 30 percent. The child care industry, being labor intensive, would therefore incur, in the private sector, a significant increase in its total cost structure, the majority of which is supported by tax revenue.

Cost of Care per Month per Child
And Percentage Composition of Cost
Classified by Functional Area
For Selected Child Care Facilities

	State Facilities			County Facilities			Private Institutional Facilities						Private Group Home Facilities			
	\$	%	\$	\$	%	\$	\$	%	\$	%	\$	%	\$	%		
Administration	\$ 51	253	\$ 168	\$ 135	\$ 143	\$ 99	\$ 238	\$ 100	\$ 144	\$ 80	\$ 124	\$ 170	\$ 106	\$ 185	\$ 74	\$ 207
Child Care	288	1,147	859	398	446	343	772	213	238	260	773	882	420	280	248	481
Personal Care	110	276	164	114	112	117	134	123	126	147	320	164	176	162	108	151
Medical	38	287	173	52	51	16	20	85	26	55	63	74	85	35	22	24
Maintenance	150	73	162	85	76	55	148	152	130	133	158	207	111	159	71	248
Security	123	4	--	--	--	--	--	9	--	--	--	--	--	--	--	--
Other	12	3	5	6	3	2	19	10	3	15	15	17	12	14	52	51
Total	\$772	\$2,043	\$1,531	\$790	\$831	\$630	\$1,331	\$692	\$667	\$690	\$1,453	\$1,620	\$910	\$835	\$575	\$1,162
Administration	6.6%	12.4%	11.0%	17.1%	17.2%	11.3%	17.9%	14.5%	21.5%	11.5%	8.5%	16.1%	11.6%	22.1%	12.9%	17.8%
Child Care	37.3	56.2	56.1	50.4	53.7	53.1	58.0	30.8	35.7	37.7	53.2	48.9	46.2	33.5	43.1	41.4
Personal Care	14.3	13.5	10.7	14.4	13.5	15.1	10.1	17.7	18.9	21.4	22.0	14.3	19.3	19.4	18.9	13.0
Medical	4.9	14.0	11.3	6.5	6.1	6.9	1.5	12.2	4.0	8.0	4.4	6.5	9.4	4.2	3.8	2.0
Maintenance	19.5	3.5	10.6	10.8	9.1	13.3	11.1	22.0	19.4	19.2	10.9	13.9	12.2	19.1	12.3	21.4
Security	15.9	.2	--	--	--	--	--	1.3	--	--	--	--	--	--	--	--
Other	1.5	.2	.3	.8	.4	.3	1.4	1.5	.5	2.2	1.0	1.3	1.3	1.7	9.0	4.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Relationship of Child Care
Cost per Child to Total Cost



Percentage Breakdown Of
Total Cost of Child Care

		<u>Total Cost Per Child Per Month</u>	<u>Percent</u>	<u>Percent Of Child Care Salaries To Total Cost Of Child Care</u>	<u>Percent Of Other Salaries To Total Cost Of Child Care</u>	<u>Percent Of Other Expenses To Total Cost Of Child Care</u>
State:	1	\$ 772	100.0%	35.1%	41.3%	23.6%
	2	2,043	100.0	56.0	15.9	28.1
County:	1	1,531	100.0	55.5	24.9	19.6
	2	790	100.0	37.0	17.4	45.6
	3	831	100.0	40.7	17.8	41.5
	4	813	100.0	53.1	22.6	24.3
	5	630	100.0	53.4	16.2	30.4
	6	1,331	100.0	29.9	19.6	50.5
Private Institution:	1	692	100.0	28.1	25.0	46.9
	2	667	100.0	32.3	25.2	42.5
	3	690	100.0	35.3	20.7	44.0
	4	1,452	100.0	51.6	26.8	21.6
	5	1,620	100.0	52.3	25.7	22.0
	6	1,129	100.0	47.6	21.2	31.2
Private Group Homes:	1	910	100.0	38.7	13.3	48.0
	2	835	100.0	32.8	25.2	42.0
	3	575	100.0	38.0	15.5	46.5
	4	\$1,162	100.0%	34.1%	18.0%	47.9%

Percent for Study
Group Total

Child care salaries	43.5%
Other salaries	<u>24.2</u>
Total salaries	67.7
Other expenses	<u>32.3</u>
Total	<u>100.0%</u>

Source and Amount of Subsidies
Per Child per Month

	State Facilities		County Facilities		Private Institutional Facilities					Private Group Home Facilities												
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%										
Cost of care ^{1/}	\$772	1.6%	\$1,331	27.1%	\$692	28.5%	\$667	36.3%	\$1,452	7.0%	\$1,620	4.0%	\$1,129	14.3%	\$835	19.2%	\$575	2.6%	\$1,162	9.6%		
Rate of reimbursement ^{1/}	--	--	--	--	495	578	425	578	1,435	1,506	1,084	1,084	780	780	675	675	560	560	1,050	1,050		
Amount subsidized	\$13		\$32		\$197		\$242		\$17		\$114		\$45		\$160		\$15		\$112			
Percentage of Total Cost Subsidized	1.7%		1.6%		27.1%		28.5%		36.3%		16.2%		1.2%		7.0%		4.0%		14.3%		9.6%	
Composition of Subsidy																						
Medi-Cal	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
United Way or Crusade	--		--		16		--		18		49		--		138		--		--		--	
Depreciation	--		--		45		42		19		27		15		--		--		18		--	
Operating Loss (Profit)	--		--		--		--		--		--		--		--		--		--		(5)	
Donated Time	--		--		54		--		9		--		--		--		--		--		--	
Private Grants	--		--		--		--		--		--		--		--		--		36		--	
Federal Grants	13		32		361		--		--		--		--		--		--		--		--	
Nonprogram Related Income	--		--		--		183		--		--		--		--		--		--		--	
Investment Income	--		--		--		17		--		--		--		--		--		--		--	
Other Donations	--		--		6		--		47		13		7		--		--		36		--	
	\$13		\$32		\$361		\$197		\$112		\$114		\$45		\$160		\$15		\$130		\$15	

APPENDIX D

^{1/} On the original issuance of this report, these two items were reversed. This issuance of the report has corrected that error.

Percentage Increase In Child
Care Workers' Salaries Due to FLSA

<u>Facility</u>	<u>Total Percentage Impact</u>	<u>Due to May 1974 Amendment</u> ^{1/}	<u>Due to Prior Noncompliance</u>	<u>Violation</u>
State:				
1	none	none	none	none
2	none	none	none	none
County:				
1	none	none	none	none ^{2/}
2	none	none	none	none ^{2/}
3	none	none	none	none
4	none	none	none	none
5	none	none	none	none
6	none	none	none	none
Private Institution:				
1	4.0	4.0	none	none
2	5.5	5.5	none	none
3	8.3	8.3	none	none
4	2.8	1.5	1.3	At present this facility does not pay over- time for hours in excess of 40.
5	none	none	none	none
6	3.4	3.4	none	none
Private Group Homes:				
1	0.5	0.5	none	none
2	76.5	18.7	57.7	Total impact due to sleep time violation of past and present provisions.
3	14.2	7.1	7.1	Past impact due to work week in excess of 48 hours with no overtime pay.
4	41.2	13.1	28.1	Past impact due to work week in excess of 48 hours with no overtime pay.

^{1/} Reduced standard workweek from 48 to 40 hours.

^{2/} Based upon the interview with county personnel there is a probable sleep time violation at both facilities. However, records were not available to determine the dollar amount of the impact.