

Child care is expensive. So is not fixing its problems.^[1]

The U.S. pays hundreds of billions of dollars a year in direct and indirect costs for a broken system, a new report finds.

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EXCERPTS

America's child care system costs the country hundreds of billions of dollars every year, according to a new report.

But Americans don't realize it, the report says, because a big chunk of those costs come in the form of lost wages and opportunities for working parents and child care providers — and shoddy care for the kids.

The report, published by the Economic Policy Institute (EPI) on Wednesday morning, arrives at a politically important moment. Early childhood policy is getting more attention than ever in American politics, with leading presidential candidates and senior members of Congress proposing that the federal government dramatically expand support for child care.

The topic even came up in Tuesday night's Democratic presidential debate.

But the prospects for actually enacting a major new child care initiative in the next few years seem mixed at best.

One reason is that the most serious proposals, like that introduced by Sen. Patty Murray (D-Wash.) and Rep. Bobby Scott (D-Va.) in 2017 and the one proposed by Sen. Elizabeth Warren (D-Mass.) in 2019 as part of her presidential campaign, envision the federal government subsidizing child care for people who can't afford it and boosting salaries for the people who provide it. That could easily require tens of billions of dollars a year in new spending, or even more.

But as the EPI report documents, government spending on early childhood in the U.S. is small by the standards of peer countries.

In nations that belong to the Organization for Economic Co-operation and Development, average public spending on early childhood is 0.74% of gross domestic product. Here in the U.S., it's just 0.33%, taking account of both federal and state spending.

Closing that gap would be worthwhile, the EPI report suggests, given the not-so-hidden costs that an inadequate child care system already places on the U.S.

"We are paying a high price right now," said co-author Elise Gould, a senior economist at the Washington-based think tank. "Yes, new investment is needed, but there's already a lot of money being spent — or lost."

Parents Pay The Price, And So Do Kids

The most obvious way that American society pays a high price now, according to the report, is when parents who would prefer to work either stop working, turn down a better-paying job or drop off a career track because such changes would require child care that is unaffordable, unavailable or both.

Families can lose out in other ways as well, the report notes. Some working parents, struggling to find decent care they can afford, end up placing their kids with providers who lack adequate skills or training — or are simply overwhelmed by the number of kids under their supervision.

When you do it right, there is a payoff for kids. - Elise Gould, Economic Policy Institute

Children who are put in these poor quality settings can suffer consequences later in life because early childhood is such a formative time for developing the intellectual and emotional skills that foster success in school, at work and within the family.

"When you do it right, there is a payoff for kids," Gould said.

A major factor in the lack of quality child care is the poor pay for providers, whose median wage today is barely more than \$12 an hour, according to EPI. That sort of pay — about what retail cashiers typically receive — makes it difficult to attract and to keep skilled and talented educators.

"We know that almost half of early educators rely on public income supports and the costs related to turnover are very, very high," said report co-author Marcy Whitebook, founder of the Center for the Study of Child Care Employment at the University of California, Berkeley.

"As for the value of [early childhood education] for children and the society at large, the case is probably as strong if not stronger than the climate science," Whitebook said. "Ensuring the well-being and fair and decent livelihood of early educators is the lynchpin of a high-quality system."

Our current system shortchanges everyone — children, parents, educators, employers and the society at large. Marcy Whitebook, Center for the Study of Child Care Employment

The EPI report includes some specific figures, like the \$80 billion in lost wages for child care workers because the U.S. doesn't pay them the kinds of salaries that elementary and middle school teachers get.

But the numbers are all very rough, as the report's authors acknowledge. Their main purpose is to convey a sense of scale on the true costs of child care in the U.S. today so that a new, large public investment might start to make more sense.

"Our current system shortchanges everyone — children, parents, educators, employers and the society at large," said Whitebook.

Women Bear A High Burden

Gender is a big part of the story. A variety of factors, including workplace discrimination and cultural pressures on working mothers, have depressed women's wages in general and left them, not men, sacrificing their careers for kids when child care is not affordable.

"I don't want to make a value judgment that we know what women or men should do when they become parents in terms of their time," Gould said. "I just think that they should have the option to be able to work in the paid labor force, and oftentimes they don't because they can't afford childcare."

Gender is also one reason why child care has received more political attention lately than it did before.

It's no coincidence that the two most high-profile Democrats pushing major child care initiatives right now, Murray and Warren, are both women who were working parents and, as it happens, educators of young children. (Murray was a preschool teacher before she got into politics, Warren was a special needs teacher in the public schools.)

But the majority of politicians are still men and the majority of top Democratic presidential candidates are, too, which may help explain why the effort to pass major child care legislation still faces formidable obstacles.

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