

We need bold action on child care ^[1]

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EXCERPTS

The coronavirus has hit many sectors of the economy hard. But shoring up the child care market must be a priority if we hope to return to a sense of normalcy in coming months. In the next phase of federal relief, Congress should authorize \$25 billion for the Child Care Development Block Grant to pay all child care providers in the country the equivalent of 12 weeks of care for each child enrolled in their services before the pandemic started. The child care market for those many families with young children will be crucial to helping people return to work after this health crisis subsides.

The Child Care Development Block Grant provides funding to states to run critical child care subsidy programs for low income working families. More than 1 million children from low income families received subsidized child care each month in 2018, with about 780,000 of these children under age five. This is the main funding source for the Child Care Development Fund, which appropriated \$8.2 billion in federal funds to state child care subsidy programs last year. But around 12 million children under age five, living at all income levels, received paid child care in the average week before the pandemic. This means that about 5 million families paid someone to care for their young children while they went to work, and not to mention the millions more families who paid for after school care for older children.

The social distancing efforts necessary to mitigate the coronavirus have disrupted the critical child care market. While some child care providers remain open at the moment to care for the children of essential workers, many have experienced decreased demand or closed entirely, reducing the revenues needed to continue operating. When the economy opens, we will need these child care providers to get people to work. Without them, we will risk putting the broader economic recovery in jeopardy.

Congress has passed a number of provisions aimed at helping child care providers and the families they serve, but these efforts are disjointed and insufficient in scale. Congress did authorize \$3.5 billion for the Child Care Development Block Grant in the Cares Act, offering states the flexibility to use these federal funds to serve additional low income families or to shore up the child care market as they see fit. However, that amount split across 50 states will not go very far. With such limited federal funds, and without assurances that more will be available, states will still be reluctant to offer child care providers the level of funding that they need to remain solvent.

Indeed, child care providers can seek relief with forgivable Small Business Administration loans that are now available through the Cares Act, or with Federal Reserve loans if they qualify as a larger business. Moreover, child care workers who lost their jobs have access to unemployment insurance, including those employed on their own, such as nannies and babysitters. While these federal efforts might seem sufficient, they nonetheless fail to prioritize the challenges faced by child care providers and run the risk of letting too many fall through the cracks. If too many child care providers cannot pay rent or meet their other financial obligations, they may never reopen, and working parents and their employers will bear the burdens.

There is still time to act. Congress can authorize a substantial infusion of Child Care Development Block Grant money to help child care providers remain solvent. This lets states to pay child care providers the equivalent of 12 weeks of care for each child enrolled in their services before social distancing measures took effect. The bill has to authorize states to pay all certified, licensed, or regulated child care providers for the children they were serving, no matter their Child Care Development Fund eligibility or the current attendance status. Congress should allow states to make the payments retroactive to the date that social distancing measures started.

Assuming that around 12 million young children received paid child care in the average week leading to the current crisis, \$25 billion would cover the lost revenues for the child care providers in the country for 12 weeks, when combined with existing federal funding. Administering this through the Child Care Development Block Grant makes the most sense. States are in the best positions to identify the child care providers at risk, since they already regulate them and pay many of them through the subsidy system.

Our elected leaders might be uncomfortable showing preference to child care providers when many other businesses are also suffering. However, if child care providers cannot return to normal operations in large numbers, many workers will also not return. So we need bold action that prioritizes child care providers so that millions of parents can also get back to work.

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