

6 state strategies to improve child care policies during the pandemic and beyond ^[1]

Author: Workman, Simon and Hamm, Katie

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Excerpted from introduction

Millions of American families rely on access to child care in order to work. Without access to affordable care, parents can't earn a living, businesses can't recruit reliable workers, and children miss out on early educational opportunities. This has never been more apparent than during the current COVID-19 crisis. Unfortunately, America's child care system has long been neglected. It needs significant public investment to survive this current crisis and meet the needs of families both during the coronavirus pandemic and beyond. The current system simply does not work for the majority of families who rely on it. The cost of child care is higher than most families can afford, the revenues available to providers are lower than are needed to operate a quality program, and more than 50 percent of American's live in a child care desert.

The devastating COVID-19 pandemic has exacerbated the deficiencies of the child care market. Thousands of child care providers who were already struggling to survive financially have been unable to weather the economic shock of the necessary public health restrictions. Many providers have had to close, and those who are still operating face an average 45 percent increase in the cost to provide care.² Meanwhile, enrollment is down, as some families pulled their children out of formal child care settings because of their own financial struggles and the uncertainty they face. And while many states have continued to pay child care subsidies, these subsidies have long failed to cover the true cost of care, especially for infants and toddlers.

Addressing the broken child care market will require a comprehensive reimagining of how child care is funded in the United States. According to a recent congressional report, the United States spends only 0.33 percent of gross domestic product on child care, compared with an average of 0.74 percent among Organization for Economic Cooperation and Development countries. A 2018 report from the National Academies of Sciences, Engineering, and Medicine estimated that the system needs an annual investment of approximately \$140 billion, with \$82 billion coming from public sources. In 2017 and 2019, Sen. Patty Murray (D-WA) and Rep. Bobby Scott (D-VA) introduced the Child Care for Working Families Act, which would provide this needed boost in public investment. The act would provide increased compensation for educators, expand access to child care and preschool in underserved communities, and limit the amount families pay for child care to no more than 7 percent of their income. More recently, in response to COVID-19, the Child Care Is Essential Act, introduced in May 2020, proposes an immediate \$50 billion investment to ensure the child care industry survives the economic impact of the pandemic and is still standing when the country emerges on the other side.

A federal investment is needed to fix the broken child care market, and once federal funds are made available, states must use the opportunity to address some of the deficiencies in the current market. This issue brief highlights six strategies that states can employ to better support the child care industry in both the short and long term.

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