

The Biden administration tries to fix childcare — again ^[1]

Author: Luscombe, B.

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Excerpts

Everybody who's paying attention knows that the childcare system in the U.S. is an overloaded ship taking on water far from shore that only stays afloat on the backs of exhausted and underpaid workers. Successive administrations have made attempts to overhaul it, but, to date, bailing it out has been seen as the only viable option.

Among the many burdens sinking the system are that childcare workers are paid too little to make a sustainable living, while childcare prices are too high for most families to afford. During the pandemic, this impossible math was thrown into sharp relief and one in 12 workers left the industry. Childcare centers closed, parents were left with few options, and women left the workforce in droves. By and large, those childcare workers have not returned.

The doom spiral of unaffordable childcare engulfs those with fewer resources with particular ferocity. While those educated parents who work in highly skilled jobs may get financial and workplace support from their employers, or have the wherewithal to pay for a carer, parents who can't afford childcare often leave work or education to care for their small children and thus end up with even fewer resources than before and fewer routes out of their predicament.

The most recent bailout of the childcare system, which came via the American Rescue Plan, expires at the end of September. On July 11, the Biden Administration announced its newest attempt to patch some of the more obvious holes with proposals that aim to cap eligible families' childcare payments at 7% of their income, eliminate co-payments altogether for particularly poor families, and streamline the process for getting that money to childcare centers.

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The idea is to use a preexisting childcare reimbursement program known as the CCDBG (Child Care and Development Block Grant) to get more money to those who need it and try to root out some of the inefficiencies. That grant currently reaches about 1.5 million families. HHS estimates the average amount families who benefited from the block grant paid after the subsidy rose nearly 20% between 2005 and 2021.

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The Administration wants states to pay the childcare centers for placements at the beginning of the month, to pay the centers for the children that are enrolled rather than those who actually attend every day, and to allow families to apply online for the grants. In this way it hopes to stabilize what has been a notoriously rocky industry. "Overall, if states participate in this initiative, over 350,000 families could save money on childcare payments, and more than 200,000 providers will benefit from these changes as well," Harris said.

Close observers might note that the proposals are similar to, although less ambitious than, those that were left on the cutting-room floor when the Inflation Reduction Act passed. "You will recall that the President and I have been talking about that 7% for two and a half years, and the importance of bringing down the cost of childcare for working families in America," noted Harris. Even closer observers might notice that they're also reminiscent of legislation proposed by Republican senators Tim Scott and Richard Burr in March 2022 for expanding the reach of the CCDBG.

Region: United States ^[3]

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[1] <https://childcarecanada.org/documents/child-care-news/23/07/biden-administration-tries-fix-childcare-%E2%80%94again> [2] <https://time.com/6293731/childcare-proposal-biden-block-grants/> [3] <https://childcarecanada.org/taxonomy/term/7865> [4] <https://childcarecanada.org/category/tags/affordability> [5] <https://childcarecanada.org/taxonomy/term/9040> [6] <https://childcarecanada.org/category/tags/retention> [7] <https://childcarecanada.org/taxonomy/term/9052> [8] <https://childcarecanada.org/category/tags/investment>