

# Next steps for federal child care policy <sup>[1]</sup>

The Next Generation of Antipoverty Policies, Vol. 17, No. 2

**Author:** Greenberg, Mark

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## AVAILABILITY

- Full report in pdf <sup>[2]</sup>

## Description:

In Mark Greenberg's view, a national child care strategy should pursue four goals. Every parent who needs child care to get or keep work should be able to afford care without having to leave children in unhealthy or dangerous environments; all families should be able to place their children in settings that foster education and healthy development; parental choice should be respected; and a set of good choices should be available.

Attaining these goals, says Greenberg, requires revamping both federal child care subsidy programs and federal tax policy related to child care. Today subsidies are principally provided through a block grant structure in which states must restrict eligibility, access, or the extent of assistance because both federal and state funds are limited. Tax policy principally involves a modest nonrefundable credit that provides little or no assistance to poor and low-income families.

Greenberg would replace the block grant with a federal guarantee of assistance for all families with incomes under 200 percent of poverty that need child care to enter or sustain employment. States would administer the federal assistance program under a federal-state matching formula with the federal government paying most of the cost. States would develop and implement plans to improve the quality of child care, coordinate child care with other early education programs, and ensure that child care payment rates are sufficient to allow families to obtain care that fosters healthy child development. Greenberg would also make the federal dependent care tax credit refundable, with the credit set at 50 percent of covered child care costs for the lowest income families and gradually phasing down to 20 percent as family income increases.

The combined subsidy and tax changes would lead to a better-coordinated system of child care subsidies that would assure substantial financial help to families below 200 percent of poverty, while tax-based help would ensure continued, albeit significantly reduced, assistance for families with higher incomes.

**Region:** United States <sup>[3]</sup>

**Tags:** subsidy <sup>[4]</sup>

poverty <sup>[5]</sup>

affordability <sup>[6]</sup>

quality <sup>[7]</sup>

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