

How child care is becoming a crisis in America ^[1]

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EXCERPTS

Child care is both an economic necessity and barrier to employment for most families:

65 percent of children under six have either both parents or a single parent in the workforce. At the same time, most working parents encounter significant barriers to finding affordable, high-quality child care.

The cost of child care is increasing squeezing middle class families and has become unaffordable for many low-income families. Child care is a major household cost and it is increasingly eating up a larger portion of the family budget. The average annual cost of full-time care in a center is over \$10,000, with some areas topping \$16,000. Between 2000 and 2012, a typical middle class family saw child care expenses rise by \$2,300 while wages remained stagnant. The situation is even more dire for families living in poverty; among those that pay for child care, they spend over one-third of total income on child care.

Perhaps because so many families face the need for child care and the inability to pay for it, improving access to quality, affordable child care is shaping up to be a key issue in the 2016 election. Hillary Clinton has called child care a critical economic issue and proposes making "quality, affordable child care" a national priority. Bernie Sanders recently criticized the current approach to child care as inadequate and called on better training and pay for child care providers. Likewise, Martin O'Malley proposes increasing access to safe and affordable child care as a means to closing the opportunity gap for future generations. As the election grows closer, Republicans will also need to address this growing burden for families.

In addition to cost constraints, parents are also likely to encounter few options for quality care, especially in low-income neighborhoods that are largely "service deserts" when it comes to finding good child care. High-quality child care often costs significantly more and may not be available in low-income or rural areas. Child care for infants under age one is especially hard to find and expensive, as young children require more intensive caregiving and specialized equipment like cribs.

The current child care subsidy system, funded through the Child Care and Development Block Grant, or CCDBG, provides an average annual benefit of \$4,900 for a child care center which is rarely adequate for families to purchase high-quality child care. However, after decades of brain research we now know that children need access to nurturing and enriching environments from birth that support healthy development and early learning.

Last week, the Center for American Progress proposed a new High-Quality Child Care Tax Credit to help low-income and middle class families afford child care. The tax credit would be available to families up to 400 percent of poverty and provide up to \$14,000 to help families pay for child care. Unlike a traditional tax credit, the benefit would be paid on a monthly basis to providers so that parents do not have to pay the cost upfront and wait until the following year to be reimbursed in a tax return.

Parents would still be in charge of their child care choices. They would be expected to pay for part of their child care costs, by contributing 2 to 12 percent of their income toward child care costs on a sliding scale depending on their income. In addition, parents would select a child care provider of their choice, and the proposal would create demand for high-quality child care by phasing in quality requirements so that over time, only those providers deemed high-quality by the state would be eligible to receive the tax credit.

The proposal also seeks to build the supply of high-quality child care. Initially, all licensed and regulated child care providers will be eligible to receive the \$14,000 tax credit, which will help to finance the cost of improving quality. In addition, states will be able to use the existing \$5 billion in federal funding for child care to build supply of high-quality child care, particularly in low-income neighborhoods. These funds will also support professional development, licensing, monitoring, and enforcement at the state level.

In addition, the tax credit would improve child care quality by raising wages to an average of \$16 per hour. Current average wages for child care workers mean that many workers live below the poverty level.

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