

Budget-busting child care costs are talk of the campaign trail ^[1]

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EXCERPTS

It's not just going to be about employment, wages, and income inequality. U.S. presidential candidates are also delving into the topic of budget-busting childcare costs to win over voters.

Policy makers are responding to the cries of parents who are forced to choose between paying childcare bills, which have climbed more than twice as fast as overall inflation since the end of 1990, or foregoing work. The soaring costs crowd out other forms of household spending, distorting the biggest part of the U.S. economy.

"We're going to hear more about this, especially as we get closer" to the election, said Heather Boushey, chief economist at the Washington Center for Equitable Growth, which focuses on the impact of income inequality. "Across the board, you've seen more people acknowledge that this is really, fundamentally a family economic issue," said Boushey, who also advises candidates and campaign staff on economic issues.

Democratic front-runner Hillary Clinton and Republican candidate Senator Marco Rubio have settled on tax credits to help offset those expenses. Democratic Senator Bernie Sanders has put forward a plan to raise taxes on upper-income Americans to alleviate the strain on lower-income groups, and proposed access to public pre-kindergarten programs for all families -- a move that Clinton also favors. Other Republican candidates, including Carly Fiorina, contend that the federal government should stay out of the industry.

Clinton "knows we must make investments in childcare a national priority," campaign spokesman Ian Sams said in an e-mail. "She is focused on achieving universal pre-K, increasing access to high quality, affordable childcare, increasing training and raising wages."

Tax Credit

The Center for American Progress, a Washington-based organization with ties to liberal Democratic groups and to Clinton, announced a campaign on Nov. 17 to pressure presidential candidates to outline their plans to provide affordable childcare. The group in September proposed a tax credit applied on a sliding income scale, which would send funds directly to the care provider and amount to as much as \$13,340 a year for a low-income family.

While early-education advocates tend to be politically liberal, childcare garners bipartisan support and is steadily growing as a campaign issue, said Katharine Stevens, a research fellow in education policy studies at the conservative-leaning American Enterprise Institute in Washington.

Tracing the evolution of federal childhood programs back to the early 1900s, Stevens argued in a Nov. 5 research paper for more state-level alternatives.

'Dysfunctional System'

"As a political argument, it's sort of a non-starter to have a dysfunctional system that everybody recognizes is dysfunctional and say we need more money for it," Stevens said in a phone interview.

Rubio has taken a different tack. He weighed in at the Nov. 10 Republican presidential candidate debate, using bloated childcare expenses as inspiration for a tax credit that would provide \$2,500 per child a year.

"It is expensive to raise children in the 21st century, and families that are raising children are raising the future taxpayers of the United States, and everything costs more," Rubio said. Millions of Americans "don't know how they're going to make that payment every month, and if they can't make it, they can't work, because someone needs to watch their kids during the day."

Less Participation

That may be one reason the share of working-age Americans that either have a job or are looking for one is at a 38-year low.

Another issue is that childcare employees' wages are almost 40 percent lower than the median pay for a U.S. worker.

Basic laws of economics suggest that employees in the childcare industry should be faring well: The outlook for demand, especially as

millennials born between 1981 and 1997 reach prime child-rearing age, is solid. Yet about 15 percent of those workers are living in poverty, compared with 7 percent for all other occupations, according to Census Bureau data analyzed by Elise Gould, senior economist at the Economic Policy Institute in Washington.

LiAnn Flakes, a teacher at a federally funded pre-school program at Bible-Based Fellowship Church in Temple Terrace, Florida, has worked in the business for 22 years. She currently makes \$12.50 an hour -- not enough to purchase a car, she said, so her commute by public transportation is almost two hours each way.

With no health benefits, "a lot of times I have been at work with a fever, been at work barely standing up" in order to help the center comply with regulations that dictate how many adults must oversee the children, Flakes said.

Minimum Wage

Sanders introduced legislation in July to raise the federal minimum wage to \$15 an hour, which would lift childcare-worker pay.

A wage increase, however, is hardly seen as a catch-all solution for the industry's woes.

"You can't just solve it by paying them higher wages, because this industry is not one with huge profit margins," said EPI's Gould. "It is ripe, really, for some sort of government solution" including subsidies and universal pre-K programs.

The increased public policy focus on improvements to childcare has Cathy Sarri, the director of national early learning and care at the Service Employees International Union, enthusiastic about momentum she said is unique since she started following the issue in the 1990s. The labor group, which claims 2 million members, endorsed Clinton this week.

The last time childcare prompted such a national discussion was when President Richard Nixon vetoed a bill in 1971 that would have established a federal network of childcare centers, Sarri said at the Nov. 17 event hosted by CAP in Washington. "I have not seen a moment like this that we're in right now."

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