The campaign issue that trumps the cost of college [1]

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EXCERPTS

College costs are a hot issue on the campaign trail this election year. Vermont Sen. Bernie Sanders' "free college" plans have drawn the most attention (as well as critiques pointing out their limitations). But he's hardly the only candidate talking about college costs. Former Secretary of State Hillary Clinton has also put forward proposals to reduce student debt and make college more affordable. In an increasingly polarized election year, college affordability is a rare issue with bipartisan appeal: Before dropping out of the race, both former Florida Gov. Jeb Bush and Florida Sen. Marco Rubio released detailed college affordability proposals, and Ohio Gov. John Kasich has touted his record controlling college costs in Ohio. Even Donald Trump has talked about the need to make college more affordable – although it's hard to tell what his comments meant.

Proposals to help students and families pay for college are an election year perennial because they are politically popular. But candidates have been largely silent on child care costs, which are an even bigger challenge for many families. In two-thirds of states, full-time child care costs more than public university tuition. Yet while a variety of federal policies – including loan subsidies, Pell grants and tax incentives – help students and families finance higher education, there is far less assistance available to help families pay for child care.

Consider the Pell Grant program, which provides need-based grants to low-income college students. The federal government is spending $28.3 billion on Pell Grants in fiscal year 2016, roughly five times the $5.7 billion it spends on child care subsidies. State matching, maintenance of effort and transfers from welfare funds bring the total annual state and federal spending on child care to more than $11 billion annually – still less than half of Pell Grant spending. Moreover, while the federal government guarantees Pell Grant funding for any student who meets eligibility criteria receives them, access to child care subsidies is contingent on state policies and funding levels. More than 20 states do not provide sufficient funding to serve all eligible children, and some have long waiting lists or have closed subsidy programs to new children.

Tax subsidies reflect similar disparities: College students or their parents can choose between two different tax credits – the American Opportunity Tax Credit and the Lifetime Learning Credit – to defray college costs. The more generous of the two, the American Opportunity Tax Credit, allows families with incomes of up to $180,000 a credit of up to $2,500 in tuition and fees for full-time undergraduate students. (The Lifetime Learning Credit can be used for part-time and graduate studies.) For low-income families, up to $1,000 of the credit is refundable (meaning low-income families receive the benefit even if they have no tax liability). The Child and Dependent Care Tax Credit provides a credit worth up to $1,050 annually (or 35 percent of the first $3,000 in qualifying child care expenses) for one child, or twice that for more than one child. Besides being worth less than the American Opportunity Tax Credit, the child care credit is nonrefundable – meaning that low-income families don't benefit.

And while student loan debt has been a big issue on the campaign trail this year, families struggling with child care costs have no access to the kind of subsidized loans available to help finance college. Nor to the 529 plans or other tax-subsidized savings vehicles that middle-class families use to save for college.

Citing the vast difference in support to help families pay for child care and college may seem like whining for another federal handout. While Americans have traditionally viewed funding higher education as a smart investment in helping people build their skills and enter a pathway to economic mobility – a "hand up, not a hand out" – child care assistance is still viewed largely as welfare for poor families. Yet this perception is out of step with recent research documenting the crucial importance of early learning and development to children's long-term success. Funding for child care today can also help increase parents' (particularly mothers') long-term economic potential and ability to support their children.

To be sure, people who choose to have children are ultimately responsible for providing those children's care – and many families do so without any assistance. Others pay nothing for child care, because parents choose to stay home with children, have access to free care from friends and relatives or care for their children while working.

But you don't have to be a raging socialist to recognize that the first years of children's lives require particularly intensive investments of time and labor – by parents and other caregivers – both to meet children's basic needs and foster their long-term potential. And given the realities of human reproduction, parents must often make these investments relatively early in their careers, before they achieve their full earning potential. (Not to mention the fact that, unlike college students, very young children have no ability to contribute financially to their own care and education!)

Given this, providing families paying for child care the same kind of intertemporal consumption smoothing mechanisms that federal aid offers students paying for college could help to optimize investment in children's learning and improve overall social and economic well-being. How to do this is complicated, but it's possible to imagine innovative strategies that would have appeal across the political spectrum. Adding a redistributive element could also help level the playing field for low-income children – who research shows are less likely to have early childhood experiences that support their learning and development, and as a result enter school already behind.

More broadly, our current allocation of funding between higher education and early childhood programs is simply out of whack with research on where human capital investment yields the greatest payoff. Increasing investments in college affordability, without comparable attention to supporting families with young children, will only exacerbate this misalignment.

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