

Why parents are being forced to find childcare underground ^[1]

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EXCERPTS

The front door of Nora Nivia Nevarez's adobe-like house in suburban Albuquerque, New Mexico, opens to blocks and children's books scattered around the brightly colored carpet, shaped like a puzzle piece. Throughout the afternoon, she keeps a careful eye on her four small charges, ages 4 months to 10 years, by turns reading books and helping them with puzzles. One little boy named Javier cries as his guardian, Guadalupe, picks him up. He's tired and ready to go home.

"I love caring for children, I just wish it were a little bit easier," she sighs, speaking in Spanish. Nevarez, 50, has been taking care of children for decades. She began with her own three children, cared for her two grandchildren, and now helps friends and neighbors as a registered family-childcare provider in Southwest Albuquerque, one of the many in the state. And truly, her work is a labor of love. She doesn't turn anyone away. Javier is autistic and his guardian hasn't been able to find anyone else who will care for the child. Nevarez will.

Due to state regulations, Nevarez cares for no more than four children unrelated to her at any given point. She charges \$2.00 per hour per child in her community, regardless of what families make, to help keep the cost affordable. That means, at best, she'll earn \$8.00 an hour to care for four children. But if she takes toddlers from low-income families receiving a state subsidy to help them pay for care, she may make as little as \$1.58 per hour per child. That's \$6.32 per hour for four kids (according to state rates for a toddler receiving 40 hours of childcare per week). But even with such paltry pay, she rarely knows from week to week how much she'll earn. The parents' schedules are often erratic and sometimes the children need care for part of the week, sometimes for all of it, and sometimes, to cover families working overtime, even more.

And in Albuquerque, despite the long hours and low pay for Nevarez, her family childcare home is actually a best-case scenario, if not for her, then for families. Like other registered providers, her family home meets basic health and safety standards. And she's gotten more training on developmentally appropriate activities and other measures of high-quality care, so that she can become a licensed provider.

But in a state where child-poverty rates are the highest in the country and a lot of working families struggle to make ends meet, many can't find registered or licensed childcare they can afford, so they move underground, into the "gray market" of often unreliable, unregulated family, friend, and neighbor care. And that has enormous consequences. Nearly 60 percent of all 4-year-olds do not attend preschool, according to the 2016 New Mexico Kids Count Profile, which is published by the nonpartisan advocacy organization New Mexico Voices for Children. Many aren't ready for kindergarten, and a few years later, by fourth grade, fully 77 percent of the children in the state are not reading proficiently.

In the patchwork childcare system in the United States, regulated care is sometimes broken to the point of being dangerous for children. In Mississippi, state inspectors found one adult in a regulated day care watching 59 children, ages 1 to 4, in one room. The owner was fined \$1,000. And if care can be that bad in a regulated setting, no one knows exactly how children fare in unregulated care. Other reports have found higher-than-expected infant death rates in both regulated and unregulated child care. What is clear is that this unregulated gray market is the most common childcare arrangement for all children under 5 in the nation, according to a 2011 report from the National Center for Children in Poverty.

In the Care Index, a data and methodology collaboration between Care.com, the largest online market for care, and New America, a nonpartisan think tank that produced this story in partnership with The Atlantic, New Mexico stands out as a state struggling to provide affordable and accessible care—seeking to improve quality—and forced to make trade-offs because of the way the current system is set up. Although New Mexico has begun to invest more to improve quality early care in recent years, the state was rated in the fourth, or the lowest quartile, of all 50 states. The average cost of care in a center in New Mexico, \$8,865 a year, is about 95 percent of the average rent in the state, is nearly 20 percent of the median household income, and would eat up more than half of a minimum-wage worker's income. About one quarter of all centers are accredited for quality. So why is it so difficult for families in New Mexico to find quality, much less affordable care?

Childcare is expensive. Children under 5 require individualized care, attention, and learning, and it takes people to do that: 80 percent of

the cost of childcare goes to teachers' salaries. To reduce the cost of care to a lower—but still unreasonable—level, most caregivers in New Mexico, and across the country, are paid poverty wages.

Researchers at the University of California, Berkeley—Marcy Whitebook, Caitlin McLean, and Leah J.E. Austin—found that, in New Mexico, childcare workers are in the third income-percentile (nearly the lowest of all paid workers) and get few to no benefits. The median hourly wage is \$9.10, a 4 percent decrease since 2010. Inadequate pay results in high attrition and turnover. Licensed care providers that do offer adequate pay and have low turnover rates have to rely on outside donations, in addition to private tuition paid by parents and government funds, just to survive.

Catholic Charities is one of those providers. “We can’t fully address child development without losing money due to the cost of quality staffing, staff development, and safe facilities,” said James Gannon, the CEO and executive director of Catholic Charities in the Archdiocese of New Mexico. “Catholic Charities assesses community need, provides services, and covers the shortfall later. It’s not economically sustainable.”

In their South Valley child-development center, Catholic Charities provides services to 47 children, running an annual deficit of roughly \$250,000. The reason? They invest in the teachers in order to provide quality care. “We pay our staff \$13.00 per hour, provide health care, time-off, and a retirement plan,” Gannon explained.

Yet even after attempting to provide “low-cost” care to families, the cost is still too high relative to income. And not many other providers can offer quality care and withstand such big losses every year. In the case of New Mexico, families have limited means to contribute to expenses such as childcare—30 percent of children live in poverty, the highest rate in the U.S., and 56 percent of children receive public health insurance in the form of Medicaid and the Children’s Health Insurance Program (CHIP). As recently as August 2016, New Mexico Cabinet Secretary Monique Jacobson estimated that child-Medicaid eligibility was as high as 80 percent. Childcare is a double-edged sword. Because the majority of children are raised by working parents, children have to be cared for by someone else. Not having childcare is not an option. To those who are unemployed, a lack of childcare creates a barrier to even finding a steady job and moving a family out of poverty.

In New Mexico, availability of childcare is also related to cost: Demand for formal care dwindles because families can’t pay for it, childcare workers leave the industry because they can’t make enough money, and regulated providers go out of business because they can’t make the numbers work.

The alternative becomes informal family, friend, and neighbor networks. We know increasingly little about the safety and quality of children in such settings. Is the care loving, warm, and developmentally appropriate? Are kids are just plopped in front of a television set at a time when their brains are rapidly developing? Are they safe?

In New Mexico, registered childcare providers are subject to different health and child safety standards if they care for four or fewer children unrelated to them. Since most family, friend, and neighbor child-care centers are small and unregulated, there are no consequences for providing low-quality care. Often, no one knows about the overcrowded or unsafe under-the-table care arrangement unless tragedy strikes. And even for regulated care, there is no one body “enforcing” safe or developmental standards.

This wasn’t always the case, though. A 50-year-old initiative run by the U.S. Department of Agriculture—called the Child and Adult Care Food Program—actually provided both subsidized healthy meals to family childcare homes, like Nevarez’s, and childcare oversight. The program operated as a one-stop shop to register providers, monitor licensing violations, and offer sometimes the only source of information on child development. This program, however, came to an end in 2013, when the USDA decided to forbid local organizations from doing anything other than focusing on food sanitation.

The complicated process to become a registered or licensed childcare provider that has sprung up in the aftermath of the USDA’s decision has become close to impossible for many small providers to navigate. States have varying health and safety standards and spotty inspection cycles. New federal regulations to step up inspections and heighten training and safety requirements only apply to childcare providers that accept children on subsidies.

Which brings us back to Nevarez. She wants to provide enriching care for her students and become not just a registered provider, but a licensed provider. The license will enable her to care for more children and receive a higher subsidy rate per child. And yet, she’s currently facing the perfect storm of bureaucracy—another sign that the fragmented early care and learning system itself can get in the way of providing good quality care.

Today, family-childcare home providers like Nevarez must deftly navigate the a series of steps to become registered, including being able to physically pick-up relevant paperwork during the very same hours they need to be providing childcare; accessing a computer or phone for a \$44 registration and fingerprinting process; and sending all documents to Santa Fe, New Mexico, within a given timeframe.

Meanwhile, everyone over 18 in the provider’s household has to pass the background check or the provider will not be eligible for registration or licensing. This is especially sensitive for families that are or know undocumented immigrants—a common situation in New Mexico and in other Hispanic communities where people in the same family can have different immigration statuses—or families with members who were formerly incarcerated. It is costly, time-consuming, and nearly impossible to comply—especially if providers must personally run these errands during childcare hours and if they don’t speak English. Registered and licensed family-childcare providers are now becoming the exception. Most are not participating subsidy programs, or getting registered or licensed to provide care.

When Amy Bazan, the former director of the Providers Allied for Nutrition program, a local USDA food program, started out in 1994, the food program helped close to 1,200 registered family-childcare home providers out of 7,000 statewide. Now they help roughly 250 out of

2,000 statewide. The number of licensed providers is a small fraction of the number of registered providers, which, in turn, is a fraction of the number of unregulated gray market providers as a whole.

“In the last two years alone,” Bazan said, “I’ve watched the food program lose 30 percent of homes and go into rapid decline.” Loren Miller, a program manager for the statewide family nutrition bureau, confirmed that between November 2013 and July 2016 alone, the state witnessed a decline from 3,117 to 2,151 providers. In Bazan’s experience, people are still providing care. They’re just forgoing complicated government programs and regulations, be it the food program, registration, and/or licensing, because complying is too costly, time-consuming, and invasive. As a result, the number of children needing care in New Mexico outpaces the number of known childcare slots.

That doesn’t mean the children aren’t ending up somewhere.

Which puts New Mexico back in the gray zone.

After months of paperwork, Nevarez finally received her provisional childcare license and can now care for six children at a time. If she passes her final inspection, her new license for a two-star, licensed family -childcare home will be issued for a full year. Based on the rate of a toddler receiving 40 hours of care per week, licensed providers are paid \$2.67 per hour for toddlers receiving subsidy, or \$16.02 for six children—a meaningful raise from the rate for registered providers.

It’s the end of the day, and Nevarez begins to help the children gather their artwork and pack their small backpacks. She reflects on how much she’s learned while obtaining a certificate in early-childhood development from the University of New Mexico and seeking her license, and how important that’s been for the children, despite the bureaucratic nightmare.

Research has found that children who speak a language other than English at home, like Nevarez’s charges, particularly benefit from high-quality early care and learning in their own language; it promotes their early literacy, numeracy skills, and English-language development. As Nevarez knows, however, in New Mexico, providing care doesn’t come cheap for caregivers or the families who turn to them. Nevarez fastens the straps on Javier’s backpack as the children begin to leave at the end of the day with their parents. “I wish I had known more about child learning when I raised my children and grandchildren. I know so much more now,” she said. She stands in the doorway, watching the children leave with their parents, tired from a long day’s work, and waves goodbye.

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