

The US Care Infrastructure: From Promise to Reality

Building the Child Care Infrastructure: State-Level Challenges

Georgia Poyatzis (Moderator), Shannon Jones, Alycia Hardy, Robert Hartley, Elliot Haspel

The session will begin shortly.



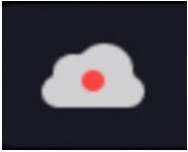
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UNIVERSITY**
WASHINGTON, D.C.



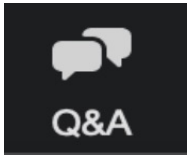
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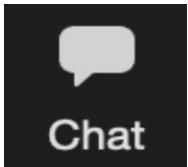
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Workshop IV: Building the Child Care Infrastructure: State-Level Challenges

- **Building the Child Care Infrastructure: State Level Challenges**
Elliot Haspel, Robins Foundation
- **Building the Child Care Infrastructure: State Level Challenges**
Alycia Hardy, CLASP
- **Child Care Challenges & Opportunities in Ohio**
Shannon Jones, Groundwork Ohio
- **Childcare Assistance and Long-Run Outcomes**
Robert Hartley, Columbia University

Moderator: Georgia Poyatzis, IWPR and American University

Building the Child Care Infrastructure: State Level Challenges

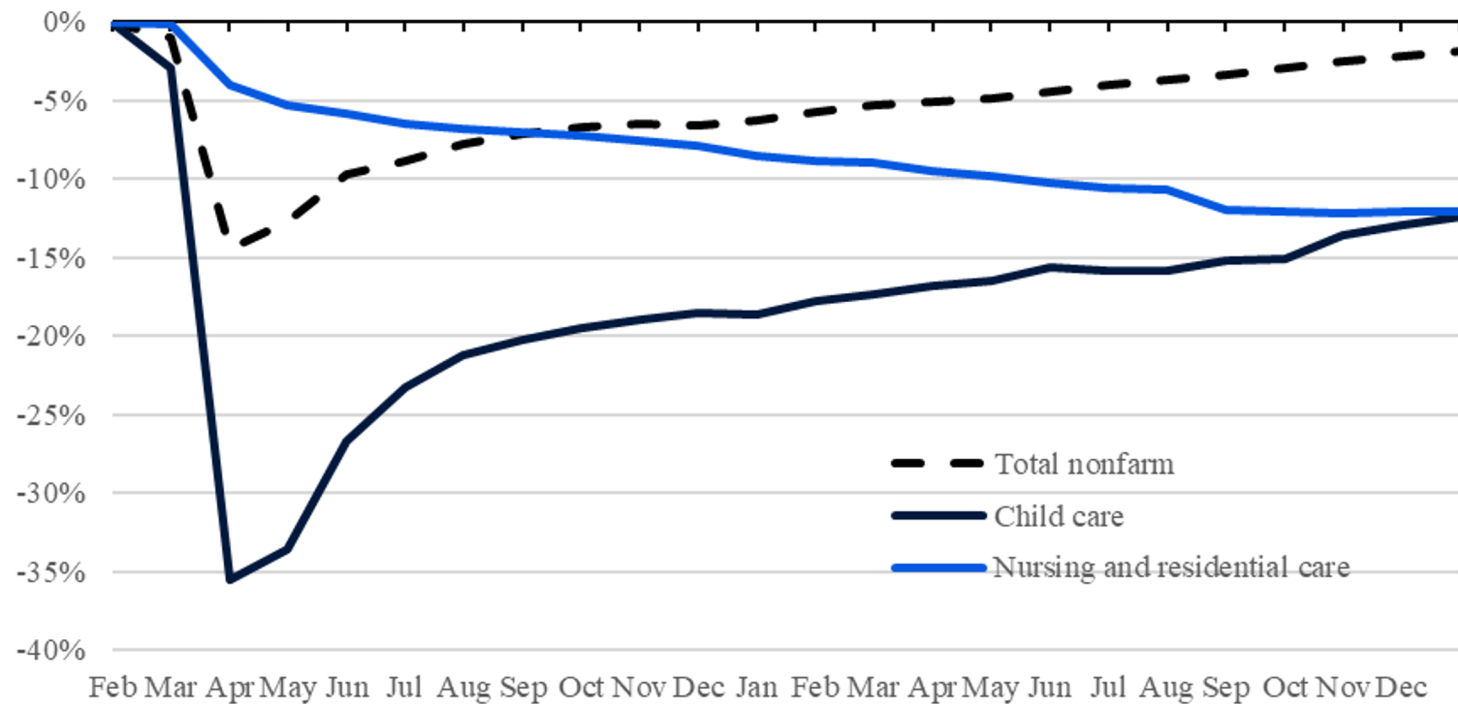
ELLIOT HASPEL

MARCH 4, 2022

The current crisis, pt. 1 - staffing

The care economy is behind in the recovery

Percent change in employment

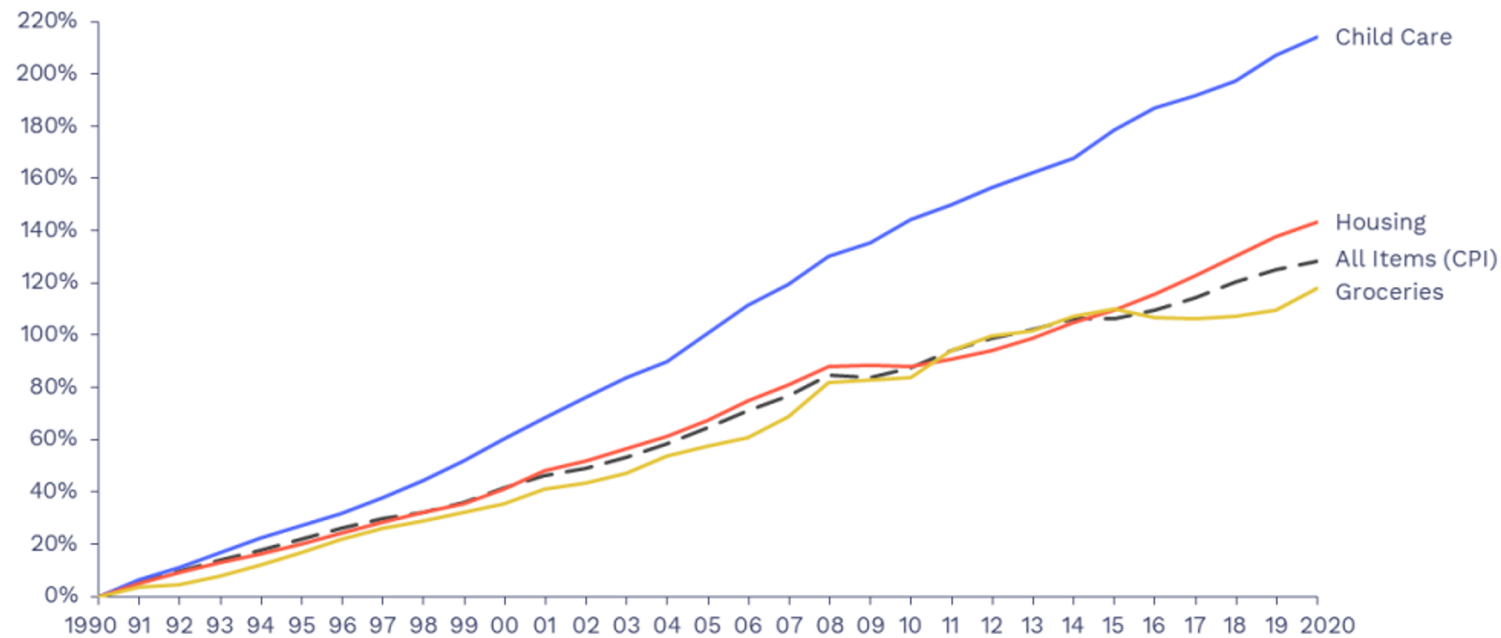


Source: BLS, CEA

The current crisis, pt. 2 - costs

Since 1990, Growth in Child Care Costs Has Considerably Outpaced Other Family Expenses

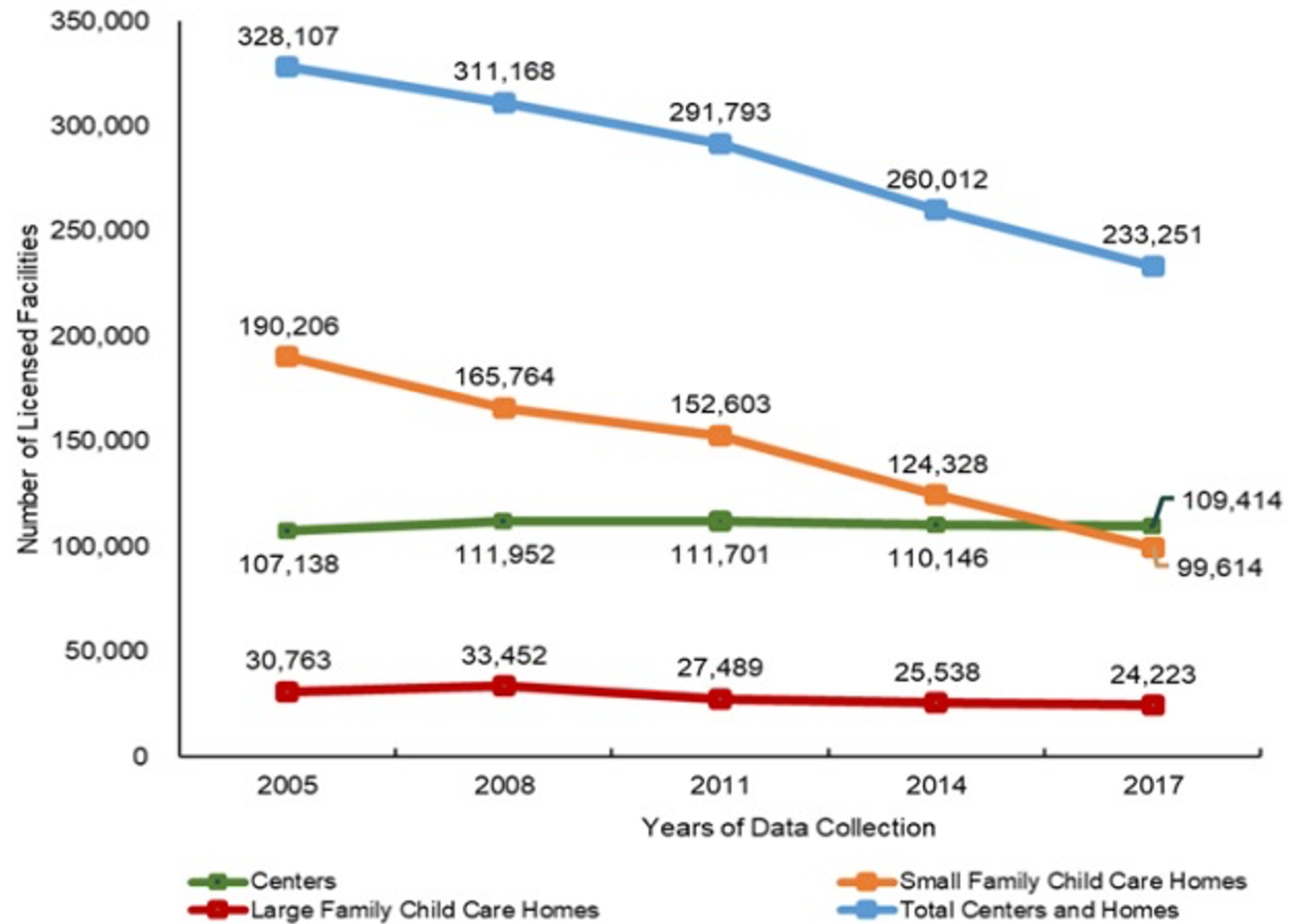
Total Price Increase Over Time



Source: Bureau of Labor Statistics Consumer Expenditure Survey

The current crisis, pt. 3 - supply

Figure 1. Number of Licensed Child Care Facilities, 2005–2017



Source: National Center on Early Childhood Quality Assurance. (2019). Analysis of responses to the National Association for Regulatory Administration (NARA) Child Care Licensing Programs and Policies Surveys from the 2005, 2008, 2011, 2014, and 2017 Child Care Licensing Studies. Unpublished data.

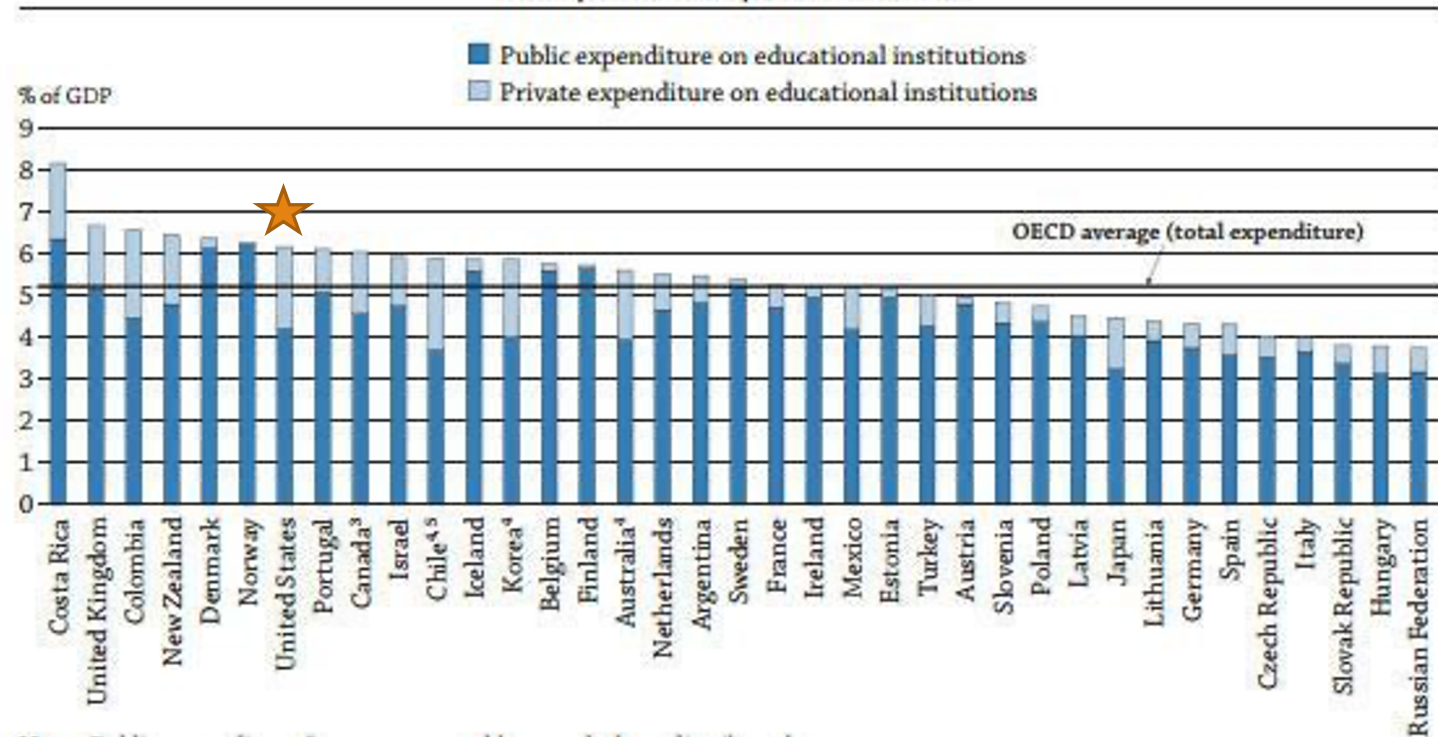
Why?



U.S. DEPARTMENT OF THE TREASURY
**THE ECONOMICS
OF CHILD CARE SUPPLY
IN THE UNITED STATES**

U.S. Expenditures: K-16 vs. 0-5

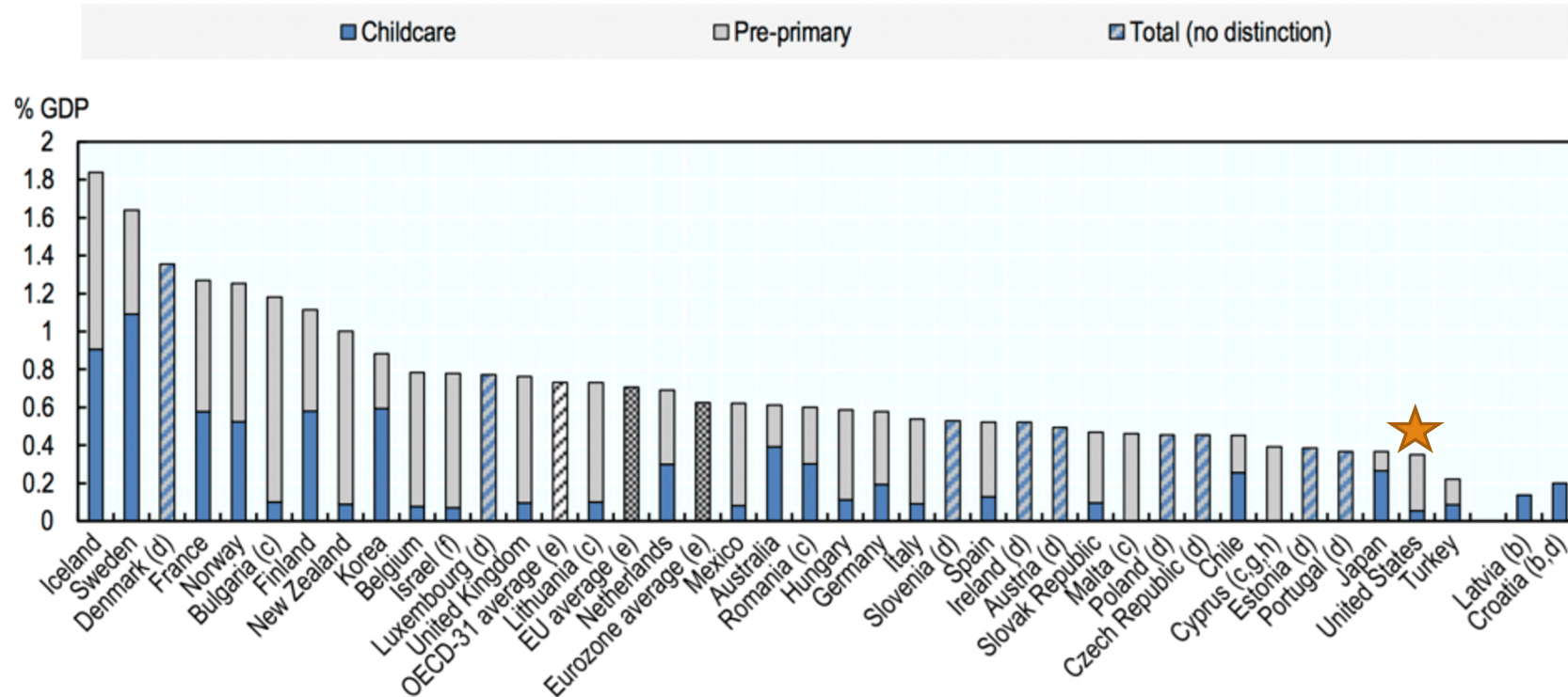
Figure B2.1. Public and private expenditure on educational institutions, as a percentage of GDP (2013)
From public¹ and private² sources



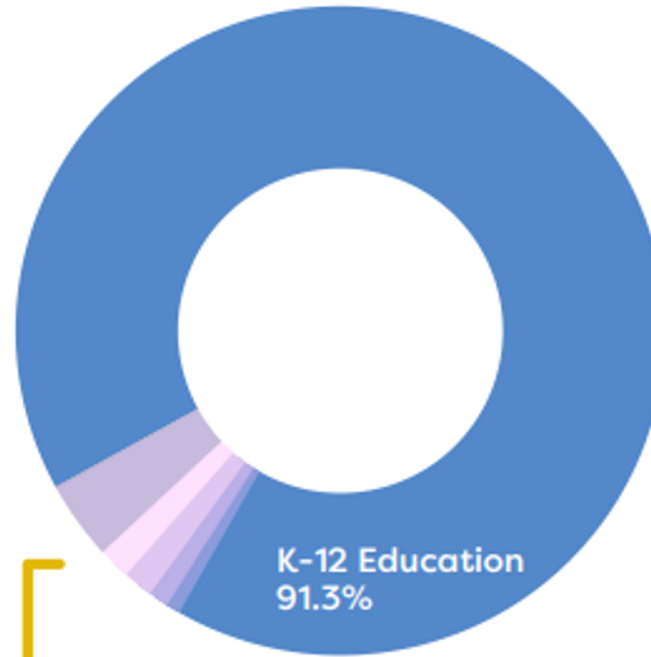
U.S. Expenditures: K-16 vs. 0-5

Chart PF3.1.A. Public spending on early childhood education and care

Public expenditure on childcare and pre-primary education and total public expenditure on early childhood education and care, as a % of GDP, 2013 and latest available^a



FY2020 Children's Budget (State Funds Only)



Health 3.9%
Child Welfare 1.6%
Juvenile Justice 1.5%
Early Childhood Education 1.0%
Food & Nutrition 0.7%
Income Support .04%



“Reformers implied that mothers who were willing to leave their children and go out to work were somehow ‘unnatural.’ The famous Philadelphia pamphleteer Mathew Carey claimed [in the early 1800s] that many women could not do paid housework because ‘maternal tenderness’ would not permit them to be separated from their children.”

-Sonya Michel, *Children's Interests/Mother's Rights: The Shaping of America's Child Care Policy*

“Good mother care during the earliest childhood is the surest way to produce [useful and well-adjusted citizens]. It doesn’t make sense to let mothers go to work making dresses or tapping typewriters in an office, and have them pay other people to do a poorer job of bringing up their own children ... a day nursery or a ‘baby farm’ is no good for an infant.”

-Dr. Benjamin Spock, preface to 1958 edition of *Baby and Child Care*

The Public Differs in Role of Fathers and Mothers

% saying children are ...



Note: The questions were asked separately for mothers and fathers. Responses of "Just as well if mother/father works" and "Depends" are not shown.

Source: Pew Research Center survey, conducted April 25-28, 2013, N=1,003.

PEW RESEARCH CENTER

Ambivalence
remains...
(2013 poll)

So what can states do?

- ❑ Permanent, robust public funding!
- ❑ Fund subsidy at the true cost of quality
- ❑ Wage scales for staff
- ❑ Set “north star” goals – target affordability, access, quality; cost it out
- ❑ Strong local infrastructure & innovation; states as laboratories
- ❑ Emphasize both the economic and human benefits


The Exact Solution Matters Less Than Having A Real Solution!

States matter!

NEW-MEXICO

New Mexico expands subsidy eligibility, now gives most funding to child care of any state

Cedar Attanasio Associated Press/Report for America
Published 1:47 p.m. MT Jul. 1, 2021 | Updated 1:51 p.m. MT Jul. 1, 2021

Sections 

The Washington Post
Democracy Dies in Darkness

D.C. Politics

D.C. government will send \$10,000 checks to the city's day-care workers

NEWS

Illinois to offer child care for \$1 a month, beginning July 1st



Building the Child Care Infrastructure: State Level Challenges

Alycia Hardy

Institute for Women's Policy Research, CareWork Network, &
American
University

Child Care Access: Unaffordable, Unsustainable, & Inequitable

❖ Unaffordable

- Far too many families with low & moderate incomes struggle to afford child care.
- Limitations in affording care severely limits parent options.

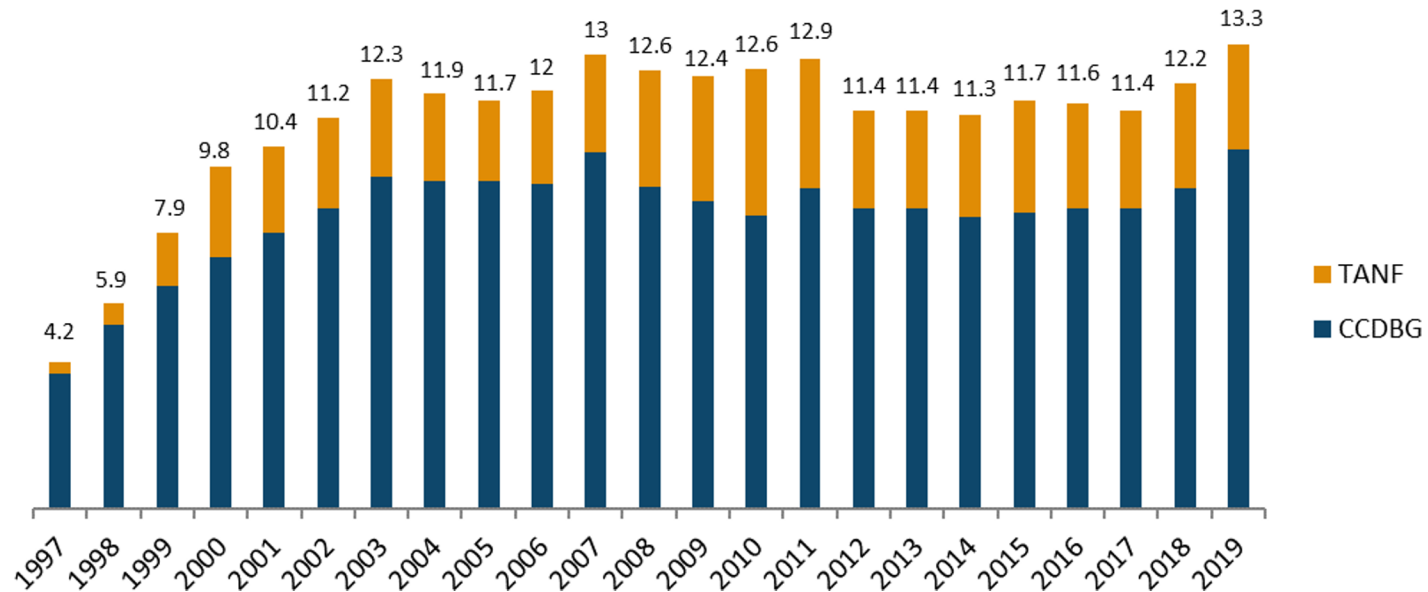
❖ Unsustainable

- Using market rates to determine provider payments creates razor thin profit margins.
- Child care workers earn poverty level wages.
- High turnover rates & unstable child care businesses.

❖ Inequitable

Child Care Spending

Figure 1. Total Combined Child Care Spending (in billions), 1997-2019



\$10.3 billion in
state &
Federal CCDF
funds



\$3.0 billion in
state &
Federal TANF
funds spent
child care



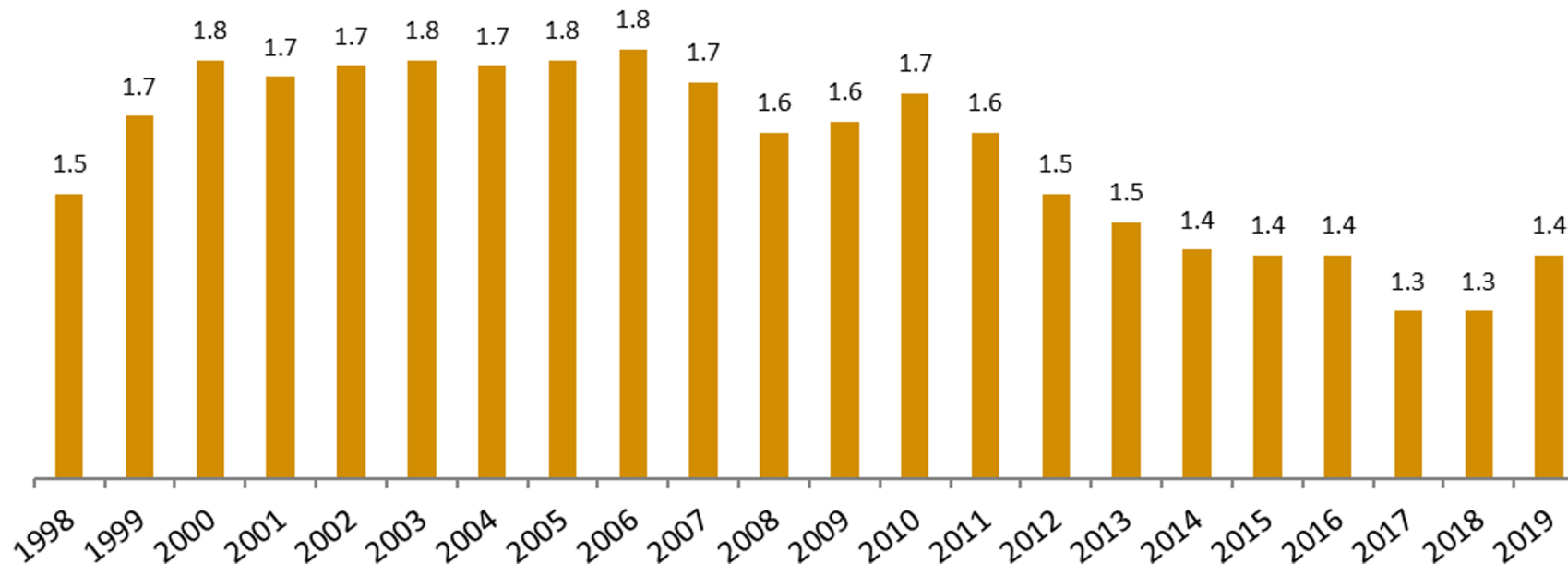
Total child
care
assistance
spending

\$13.3 billion

CCDBG Overview:

Number of children served

Figure 2. Average Monthly Number of Children Served in CCDBG, Federal FY 1998-2019 (in millions)



[FY 2019 Average Monthly Adjusted Number of Families and Children Served](#)

CCDBG Overview

❖ Federal eligibility criteria

- Child's age
- Parent activities or work requirements
- Family income eligibility
- Other criteria

❖ State flexibility

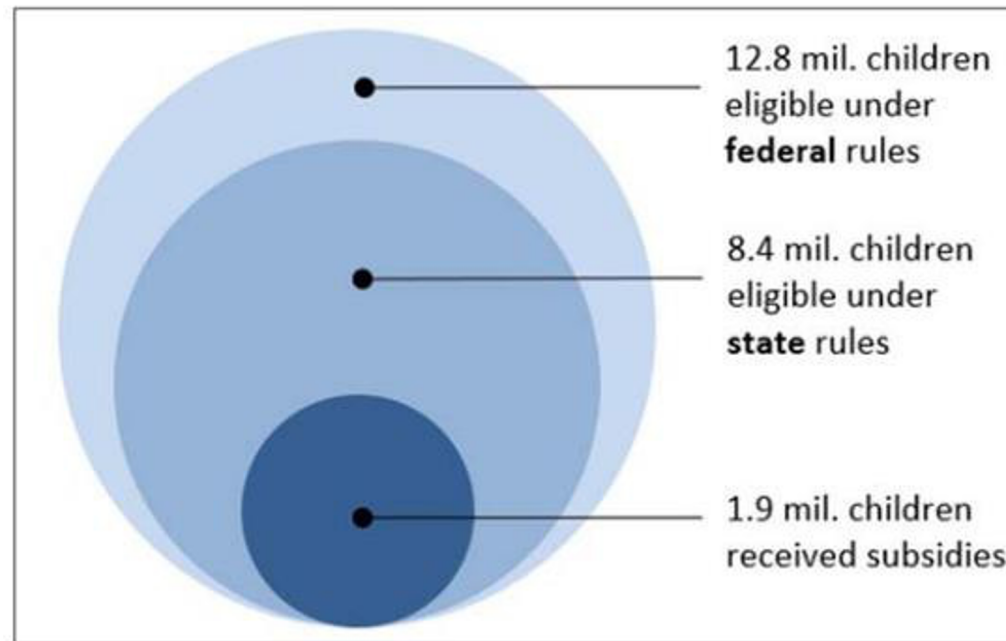
- Initial income eligibility & how to count income
- Parameters for parent activities
- Provider payment rates & practices
- Family co-payments
- How funds are invested

❖ Family and provider access



CCDBG Overview: Impacts of Flexible State Eligibility

Figure 1: Number of children eligible under federal and state rules and number receiving subsidies



Approximately 1.9 million children (average monthly) received CCDBG assistance for child care. This is only about 1 in 7 of eligible children.

CCDBG Overview:

A Critical Support that Falls Short

- ❖ Limited Federal investments provided to states through a block grant structure.
- ❖ Inadequate annual increases to support growing needs.
- ❖ States must make difficult decisions based on limited Federal funds.
- ❖ Inequitable access for children and families.
- ❖ Relies on blending funds from other Federal programs families need.
- ❖ Does not adequately support family affordability, child care provider businesses, or the workforce.

COVID Related Emergency Child Care Funding



Coronavirus Aid, Relief, and Economic
Stimulus Act (CARES) Act, \$3.5 billion

Consolidated Appropriations Act of
2021, \$10 billion

American Rescue Plan Act,
\$10 billion

Birth Through Five Child Care & Early Learning Entitlement



How Build Back Better Addresses Affordability

- ❖ Entitlement structure beginning in year 4.
- ❖ Increased, phased-in, income eligibility up to 250% SMI.
- ❖ Reduced & capped family co-payments.
- ❖ Restrictions on charging families additional fees beyond their co-



How Build Back Better Addresses Sustainability & Equity

❖ Sustainability

- Facilities renovation, improvements, & construction & sustaining or earning higher quality ratings.
- Increasing wages & provider payment rates & reducing barriers to provider entry pathways.
- Professional development, training, credentialing, & degree attainment.

❖ Equity

- Reducing economic barriers that uphold racial inequity.
- Prioritizing families defined as underserved & the providers they rely on.



Questions?

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Groundwork
OHIO



Child Care Challenges & Opportunities in Ohio

Investing in Quality Child Care: What Parents Are Saying



Groundwork Ohio Statewide Survey

Groundwork Ohio commissioned Public Opinion Strategies to complete a statewide survey of 800 registered voters and an oversample of 400 parents with children under the age of 5 in Ohio.

The survey was conducted October 26-November 8, 2021 and has a margin of error of +3.46% for the registered voter sample and +4.9% for the parents' oversample.

Child Care is an Economic Issue

47%

of Ohio parents with children under 5 have had serious problems with child care, meeting work and family responsibilities, or affording child care in recent months, which has impacted their work.

60%

of non-working or part-time working moms with children under 5 in Ohio would go back to work or work more hours if they had access to quality child care at a reasonable cost.

43%

of working parents in Ohio have had to cut back on hours to care for their children in the last few months.

Child Care is an Economic Issue

When asked what child care allows them or would allow them to do, both parents with and without child care most frequently answered:

“WORK MORE”

Child Care is an Economic Issue

80%

of Ohio voters say child care is expensive where they live.

The average annual cost of child care in Ohio:

| | Center-based | Home-based/Family Child Care |
|-----------------------|--------------|------------------------------|
| Infant | \$10,009 | \$7,592 |
| Infant and 4-year-old | \$18,267 | \$14,038 |

Source: Child Care Aware of America

Ohioans Want More Investment in Early Childhood Education

74%

of Ohio voters (including **80%** of Ohio parents with children under the age of 5) agree **early childhood learning is the most important education experience of a child's life.**

When asked about allocating education dollars:

Ohio voters said **24.2%** of the state's education funding should be devoted to early childhood education (ages 0-5).

Ohio parents with children under the age of 5 said **31.4%** of the state's education funding should be devoted to early childhood education (ages 0-5).

"Strong" Republicans said **23.4%** of the state's education funding should be devoted to early childhood education (ages 0-5).

Investing in Quality Child Care: What Providers Are Saying



Ohio Providers Need Support to Recover and Rebuild

76%

of Ohio child care centers are experiencing a staffing shortage. **44%** of programs impacted by staffing shortages are serving fewer children; **40%** have a longer waitlist; and **36%** are unable to open classrooms.

75%

of Ohio respondents identify wages as the main recruitment challenge.

68%

of Ohio respondents say that low wages are the most common reason that educators leave the field, followed by **17%** who pointed to exhaustion and burnout. Only **3%** said regulations were a key challenge.

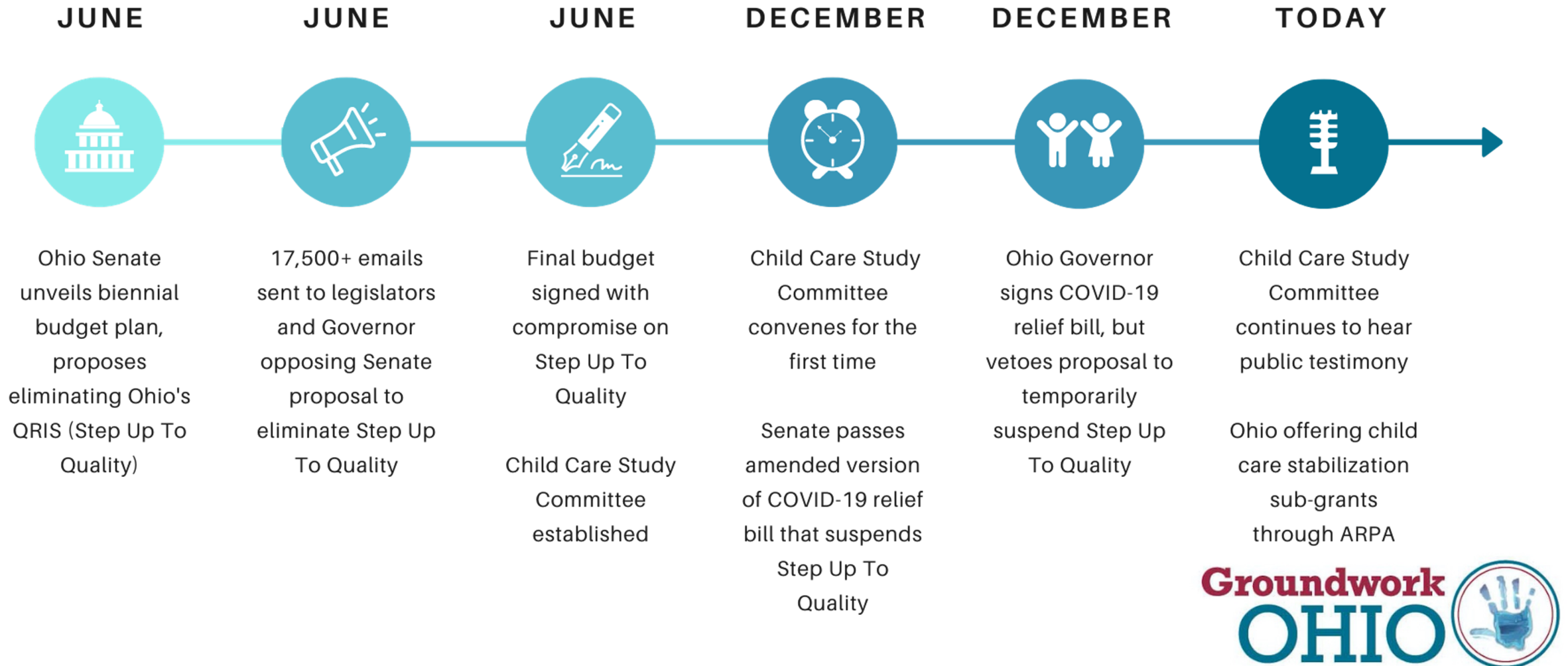
Source: National Association for the Education of Young Children national survey, conducted June 17 – July 5, 2021. A total of 540 respondents in Ohio responded to the survey, including 51% child care centers and 15% family child care homes.



Quality Child Care: Challenges in the State Legislature



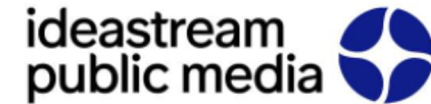
Challenges in the Ohio Legislature



Challenges in the Ohio Legislature



Senate Budget Cuts Star-Rating Program For Child Care Providers



COVID spending bill makes changes to Ohio's child care rating system

OHIO CAPITAL JOURNAL

Child care leaders 'outraged' at state Senate's removal of quality system in budget proposal



Gov. Mike DeWine signs \$4 billion coronavirus spending bill, but vetoes a child-care provision



The Bottom Line

Child care has become an economic issue. Ohio parents are under incredible pressure, and it's causing challenges at home and at work.

The child care sector is struggling to rebuild and recover from the pandemic. Our society's failure to recognize the value in the important work of early childhood educators has created a broken market.

To solve Ohio's workforce crisis and child care crisis, policymakers must listen to the experts – parents and providers.



**Thank
You.**

GroundworkOhio.org



@GroundworkOhio

Childcare Assistance and Long-Run Outcomes

Robert Paul Hartley AU/IWPR/Carework

Network Conference

The U.S. Care Infrastructure: From Promise to Reality

March 4, 2022

- ▶ Hartley, Robert Paul, Marybeth J. Mattingly, Jane Waldfogel, and Christopher Wimer. 2022. “Paying for child care to work? Evaluating the role of policy in affordable care and child poverty.” *Social Service Review*, 96 (1), March 2022.
- ▶ Hartley, Robert Paul, Ajay Chaudry, Melissa Boteach, Estelle Mitchell, and Kathryn Menefee. 2021. “A lifetime’ s worth of benefits: The effects of affordable, high-quality child care on family income, the gender earnings gap, and women’ s retirement security.” Report, National Women’ s Law Center, April 12.
- ▶ Garfinkel, Irwin, Robert Paul Hartley, Elizabeth O. Ananat, Sophie Collyer, Buyi Wang, and Christopher Wimer. 2022. “Long-run benefits and costs of child care assistance.”

Acknowledgment

We are grateful for the support of the National Women's Law Center and the Robin Hood Foundation. Any opinions, findings, conclusions, or recommendations expressed in this presentation are my own and do not necessarily reflect the views of any supporting institutions.

Overview

- ▶ We simulate the impacts of child care assistance on families'
 - 1) **labor supply**, **2) out-of-pocket costs**, and **3) economic resources** using data from the Current Population Survey, 2015 – 2019.
- ▶ Across these projects, we address:
 - ▶ work and child poverty effects considering policies on child care burden through subsidies or expanded tax credits;
 - ▶ lifetime effects for womens earnings and savings, including higher wage growth from reduced work interruptions; and,
 - ▶ long-run benefits and costs to society from subsidizing child care based on causal estimates from the literature.

▶ [Trends](#)

Evaluating Policy Proposals

- ▶ PACE: Promoting Affordable Childcare for Everyone
- ▶ CDCTCE: Child/Dependent Care Tax Credit Enhancement
- ▶ CCWF: Child Care for Working Families
- ▶ UCCEL: Universal Child Care and Early Learning

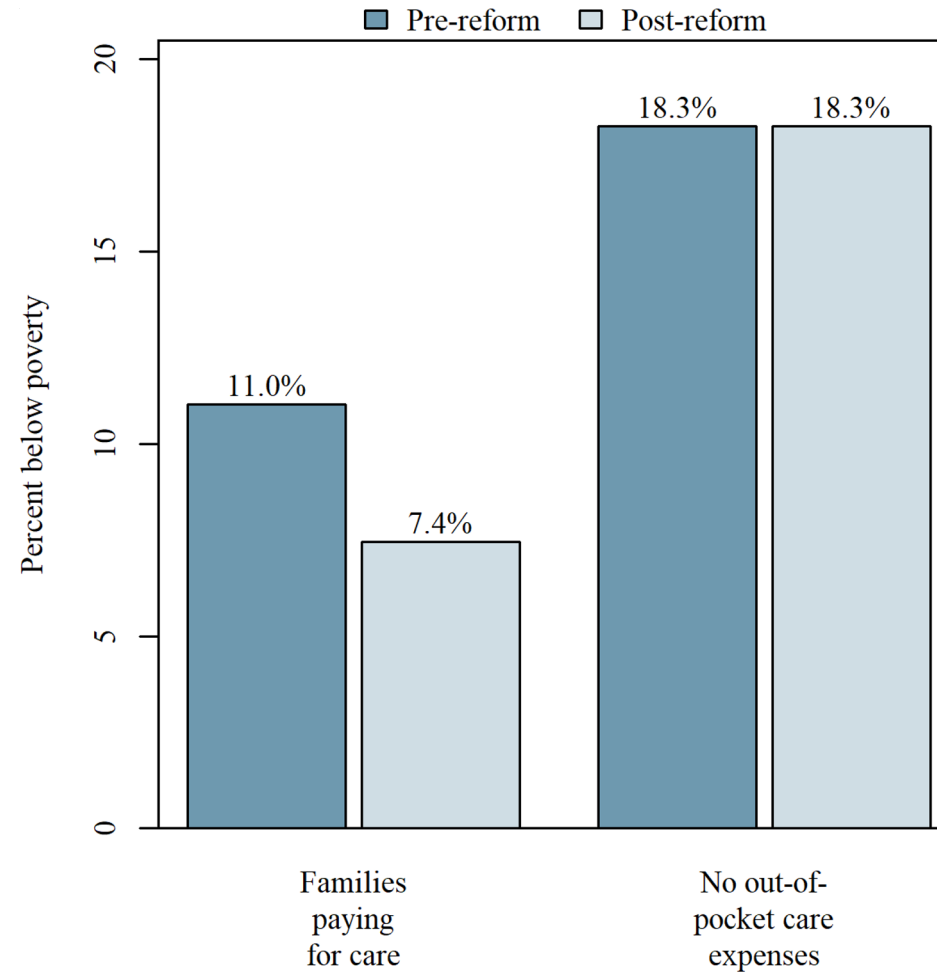
Child Care and Child Poverty

How much could child care assistance reduce poverty among children under age 13?

Comparison of proposed approaches:

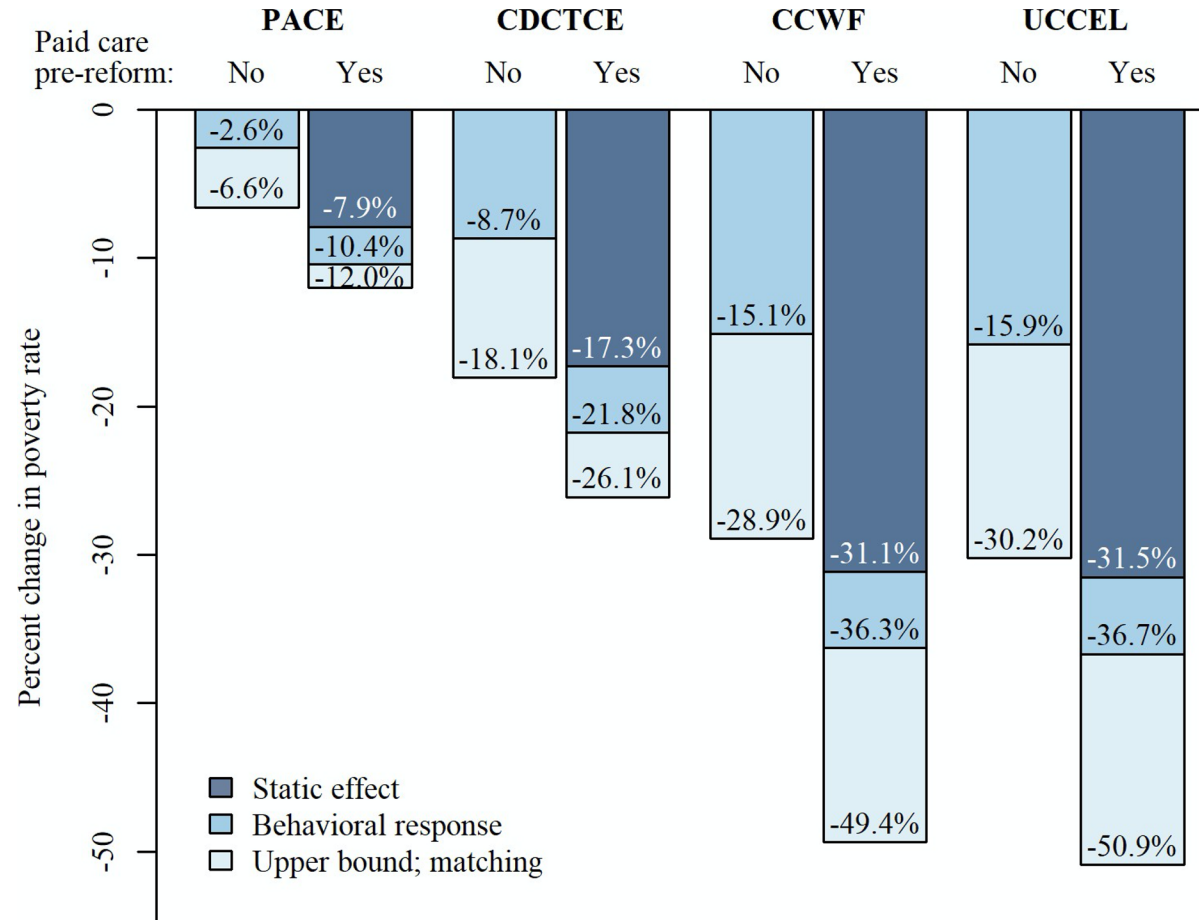
- ▶ expanded tax credits (PACE or CDCTCE)
- ▶ generous subsidies (CCWF or UCCEL)

Mechanical Impacts of Eliminating Child Care Expenses



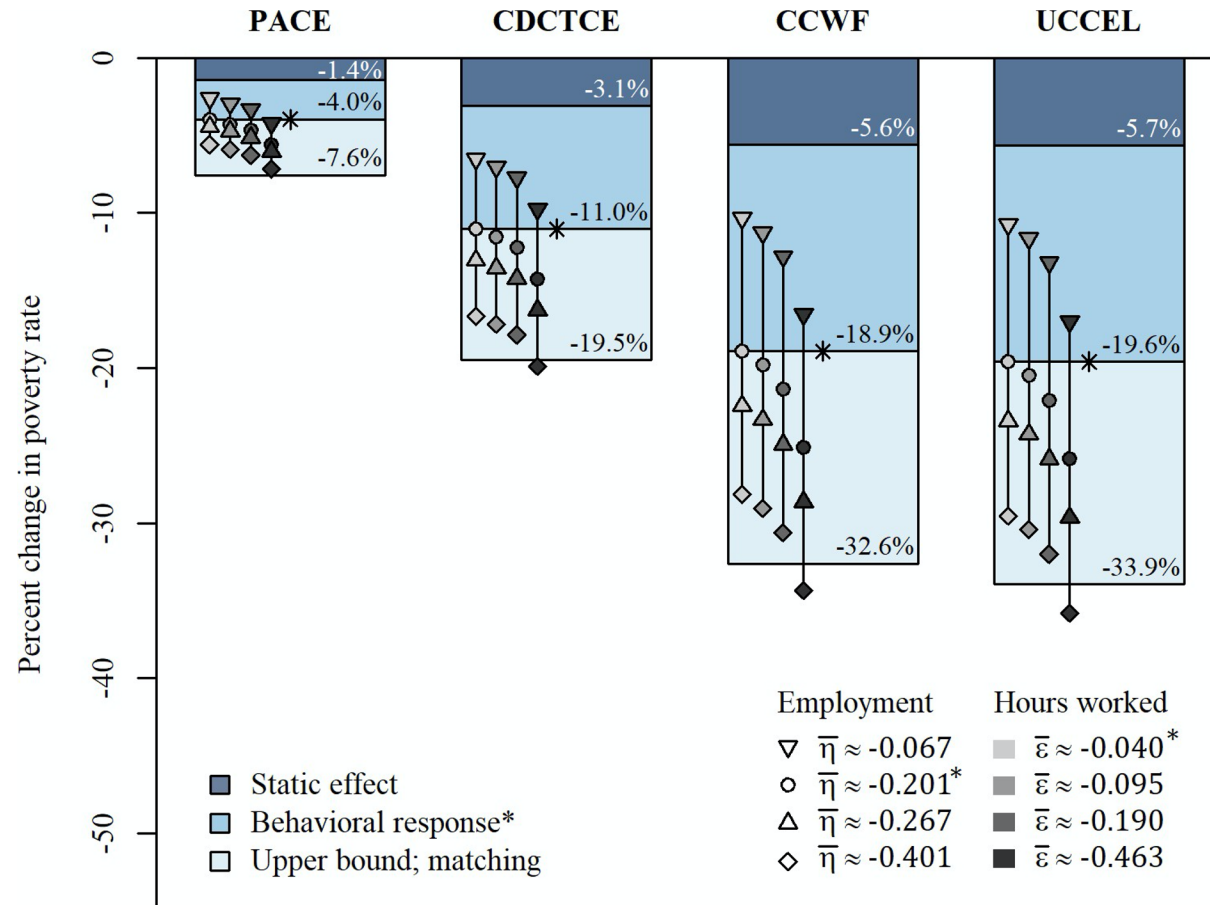
▸ [Arrangements](#) [Costs](#) ▸

Estimated Poverty Impacts for Children < 13



► [Labor](#) ► [Status](#) ► [Targeting](#)

Sensitivity of under-13 Child Poverty Impacts

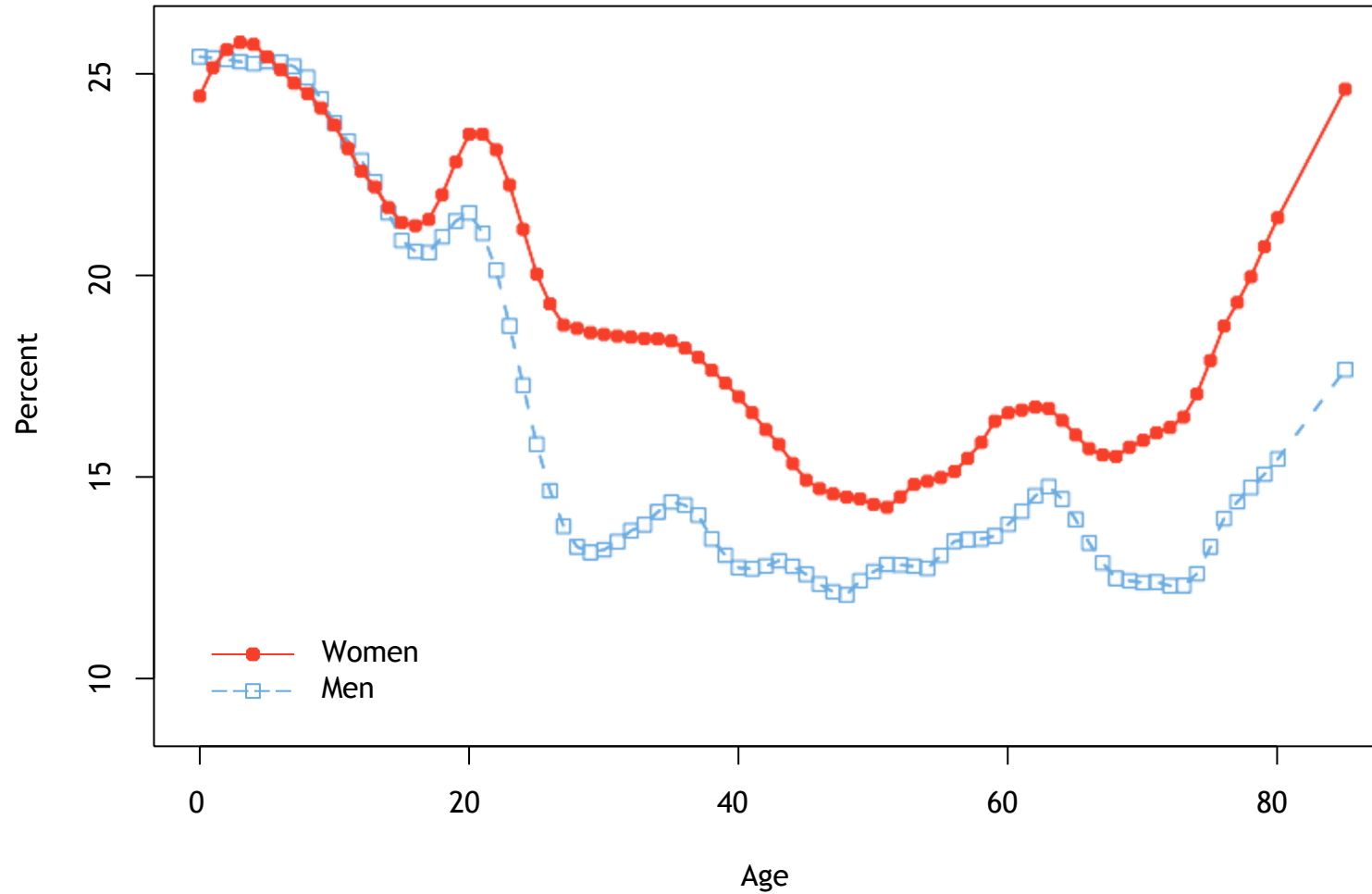


► [Elasticities](#)

Lifetime Effects on Women's Earnings and Savings

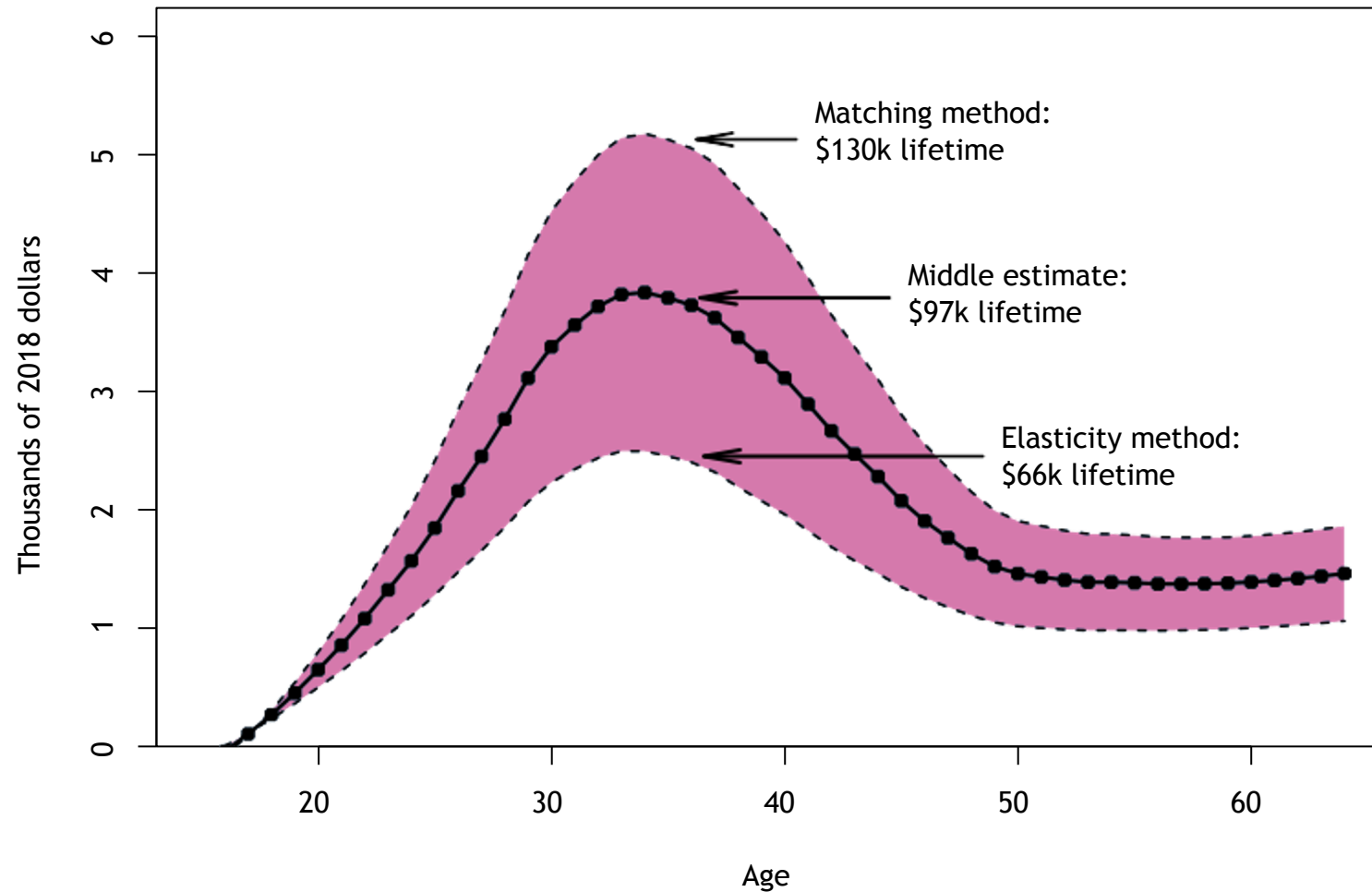
- ▶ Synthetic life-cycle cohort
- ▶ Wage profile effects
- ▶ Retirement savings

Pre-Tax/Transfer Poverty Across the Life Course



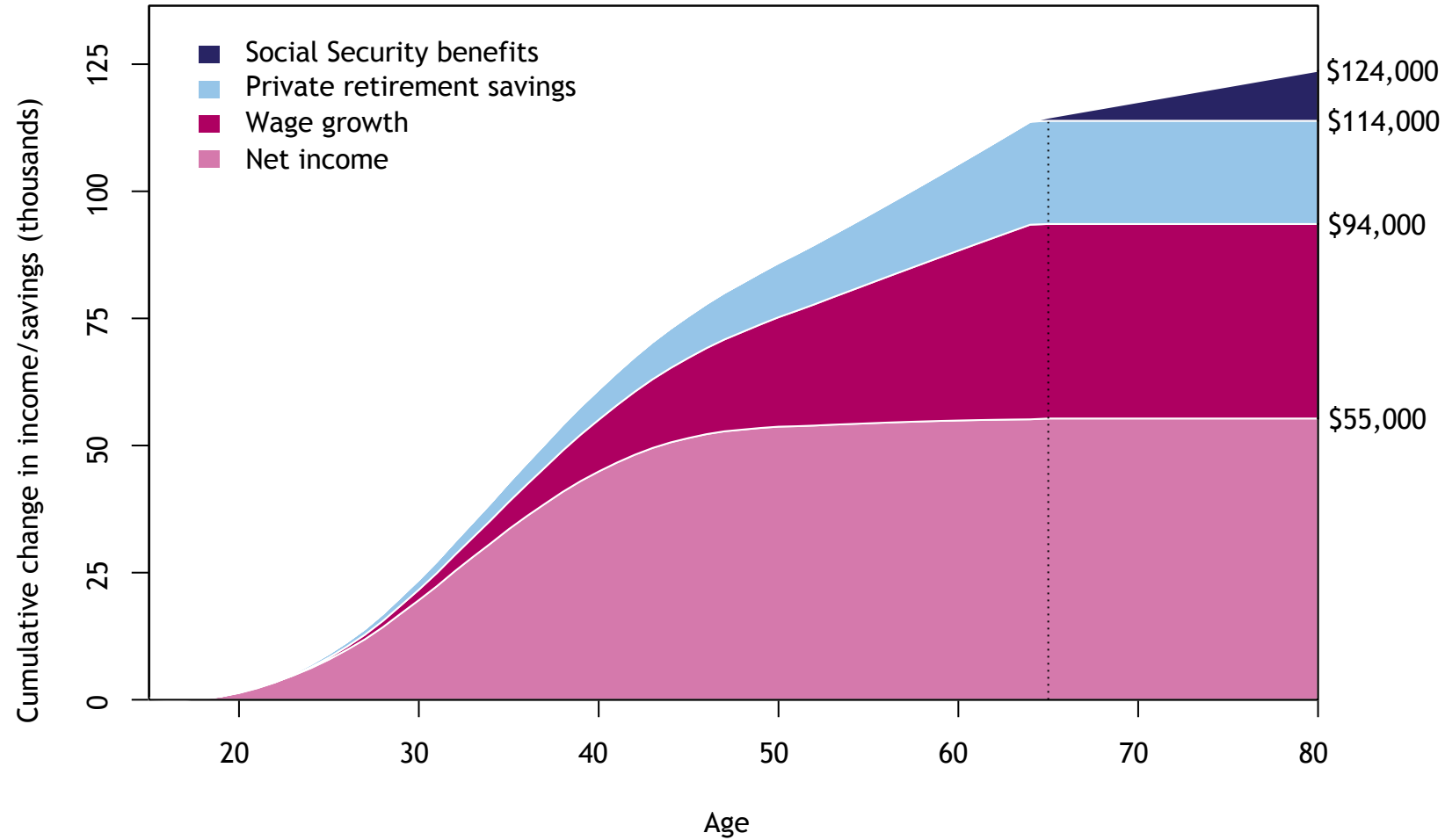
► [Seniors](#)

Lifetime Net Income Changes: Women with Two Children

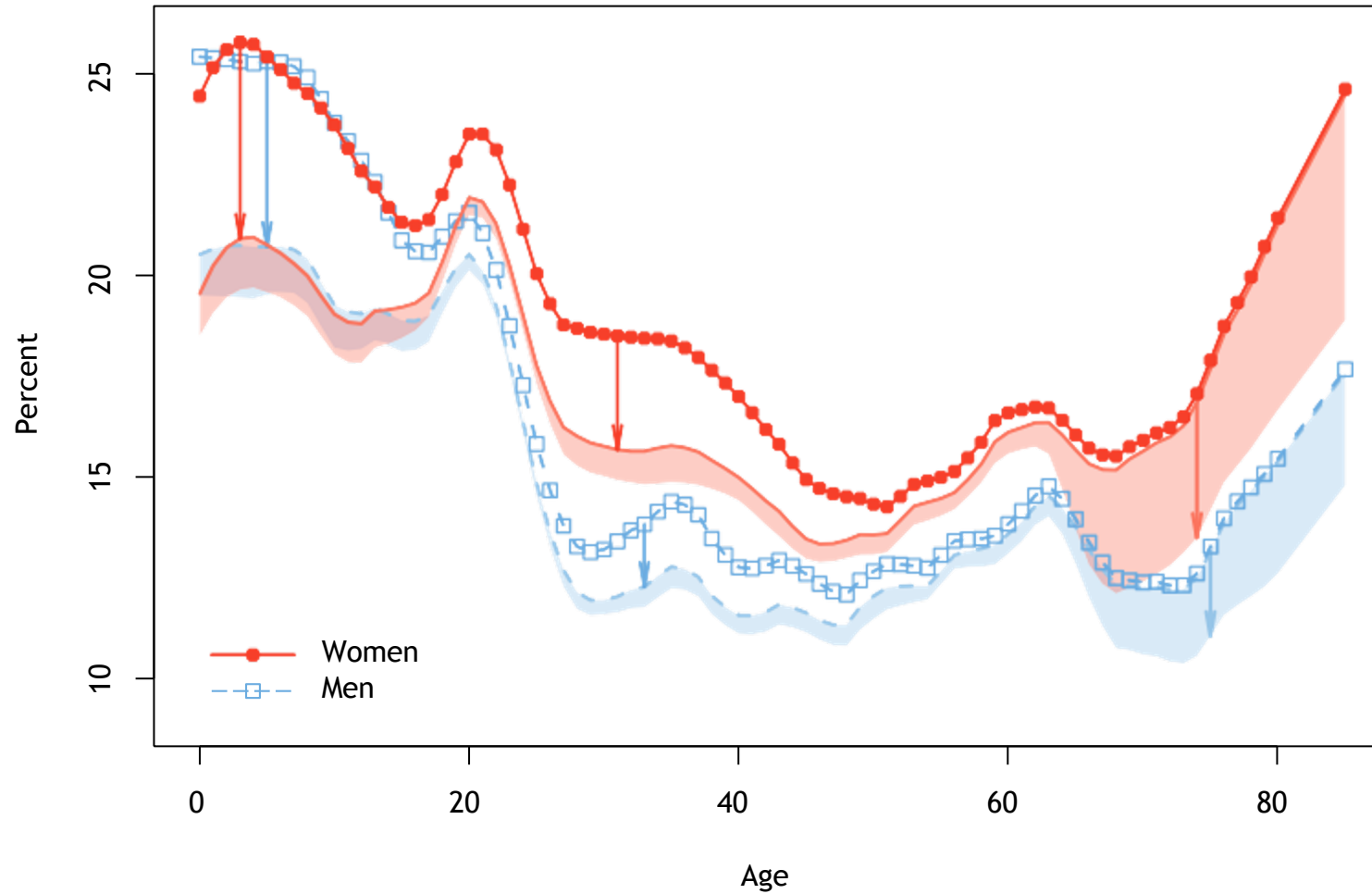


► [Detailed](#)

Cumulative Lifetime Changes: Women with Two Children



Pre-Tax/Transfer Poverty: Changes Post-Reform*



► [Work status](#) [Transitions](#)

Long-Run Benefit/Cost Analysis

- ▶ Changes in monetary resources
- ▶ Income benefits on future productivity
- ▶ Offsetting costs and societal value

Conceptual Table: Benefits/Costs of Subsidized Care

| | Direct Beneficiaries | + | Indirect Taxpayers | = | Total Society |
|---|-------------------------|---|-----------------------|---|------------------|
| Changes in family economic resources | | | | | |
| Subsidized care; increased caregiver wages | + | | - | | ? |
| ... subsidies supplanting out-of-pocket | + | | - | | 0 |
| ... remainder of care subsidies | + | | - | | 0 |
| ... increased wage of child care workers | + | | - | | 0 |
| Increased earnings of parent recipients | + | | 0 | | + |
| ... from increases in hours worked | + | | 0 | | + |
| ... increased wage profiles via experience | + | | 0 | | + |
| Increased tax payments by parents | - | | + | | 0 |
| Reduced other cash/near-cash transfers | - | | + | | 0 |
| Increase in retirement security of parents | + | | - | | 0 |
| Cost of transfers | | | | | |
| Administrative costs | 0 | | - | | - |
| Excess burden for taxpayers | 0 | | ? | | ? |

Conceptual Table: Benefits/Costs of Subsidized Care

| | Direct Beneficiaries | + | Indirect Taxpayers | = | Total Society |
|---|-------------------------|---|-----------------------|---|------------------|
| Outcomes related to household income | | | | | |
| Increased child's future earnings | + | | 0 | | + |
| Increased child's future tax payments | - | | + | | 0 |
| Decreased child's future transfer payments | - | | + | | 0 |
| Increased child's health/longevity | + | | 0 | | + |
| Avoided expenditures on health care costs | + | | + | | + |
| Avoided expenditures/costs of crime | 0 | | + | | + |
| Avoided expenditures on foster care | 0 | | + | | + |
| Increased parent's health/longevity | + | | 0 | | + |
| Increased payments due to longevity | + | | - | | 0 |
| Increased expenditures for education | 0 | | - | | - |
| Implications of changes in child care quality* | | | | | |

Discussion

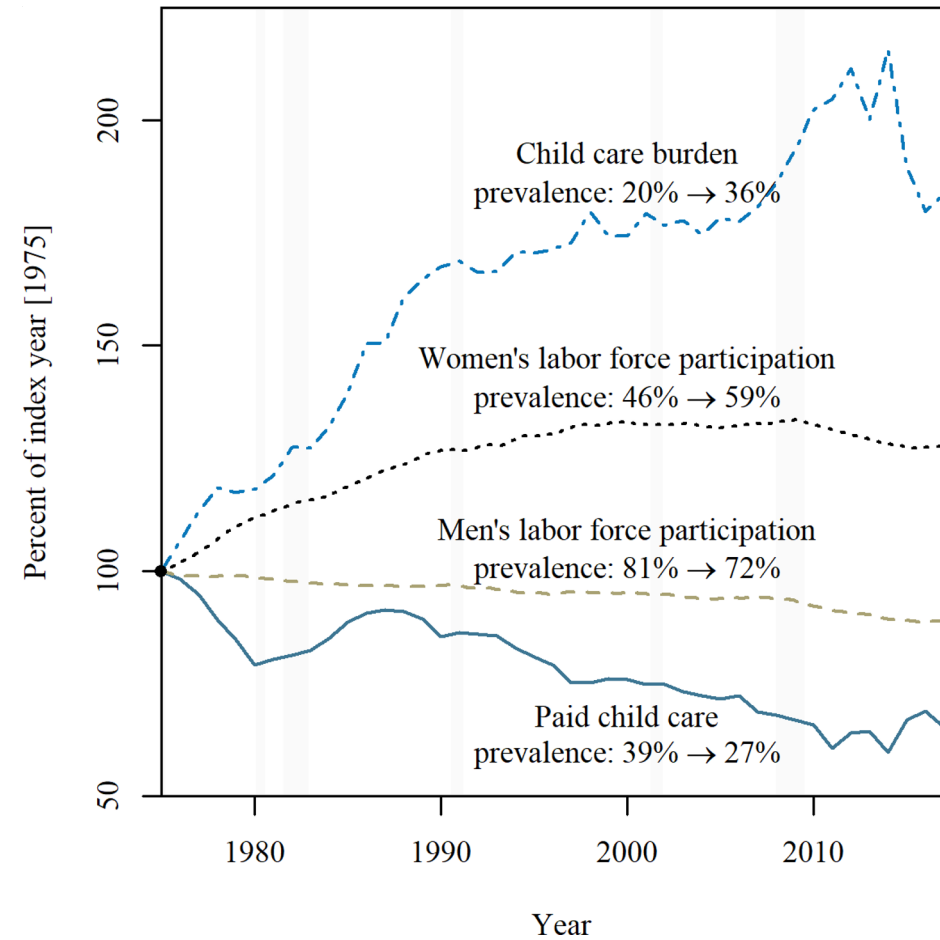
Discussion

- ▶ Child care assistance can have large impacts on reducing child poverty and raising women's income over a lifetime.
- ▶ Early evidence indicates that subsidizing child care would provide greater value to society than costs.
- ▶ Understanding the role of expansive child care policy and maintaining high quality care is important, and evidence supports positive outcomes for economically disadvantaged families.
- ▶ Our work has engaged with policy development at the federal and state level, currently providing evidence for New York State.

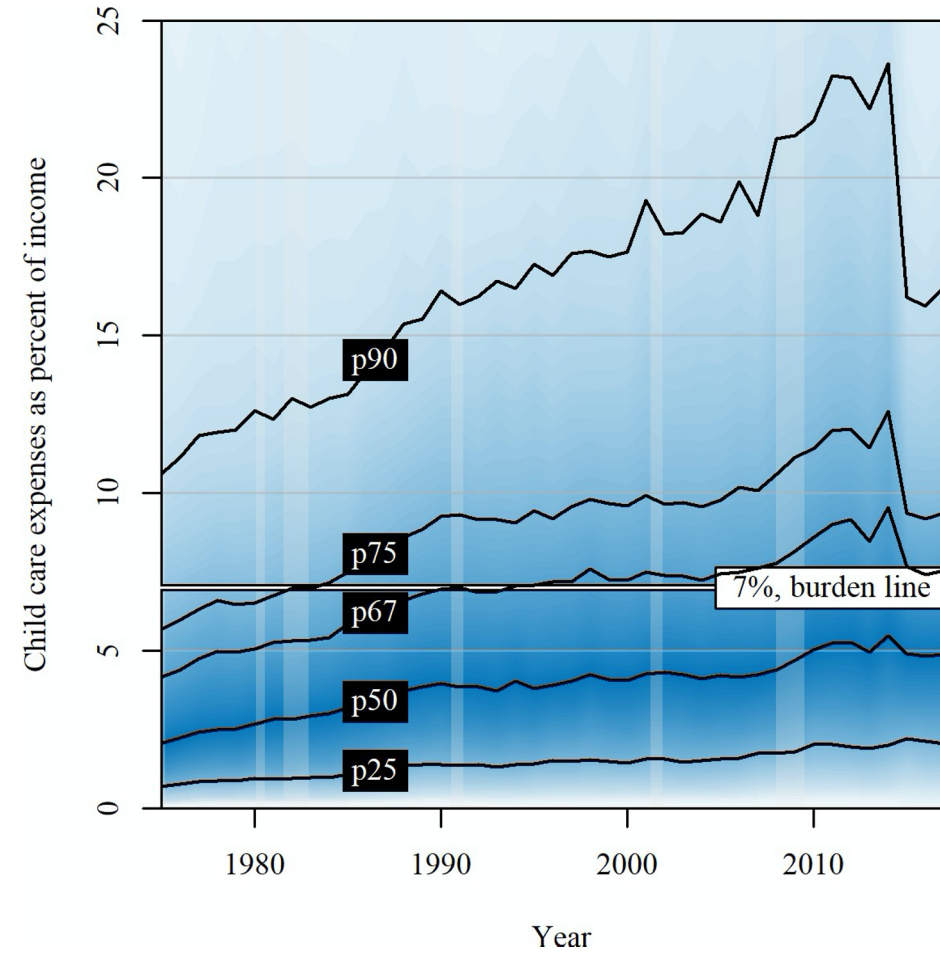
- ▶ Hartley, Robert Paul, Marybeth J. Mattingly, Jane Waldfogel, and Christopher Wimer. 2022. “Paying for child care to work? Evaluating the role of policy in affordable care and child poverty.” *Social Service Review*, 96 (1), March 2022. <https://doi.org/10.1086/718635>
- ▶ Hartley, Robert Paul, Ajay Chaudry, Melissa Boteach, Estelle Mitchell, and Kathryn Menefee. 2021. “A lifetime’ s worth of benefits: The effects of affordable, high-quality child care on family income, the gender earnings gap, and women’ s retirement security.” Report, National Women’ s Law Center, April 12. <https://nwlc.org/resource/a-lifetimes-worth-of-benefits-the-effects-of-affordable-high-quality-child-care-on-family-income-the-gender-earnings-gap-and-womens-retirement-security>

Appendix

Child Care and Labor Force Trends

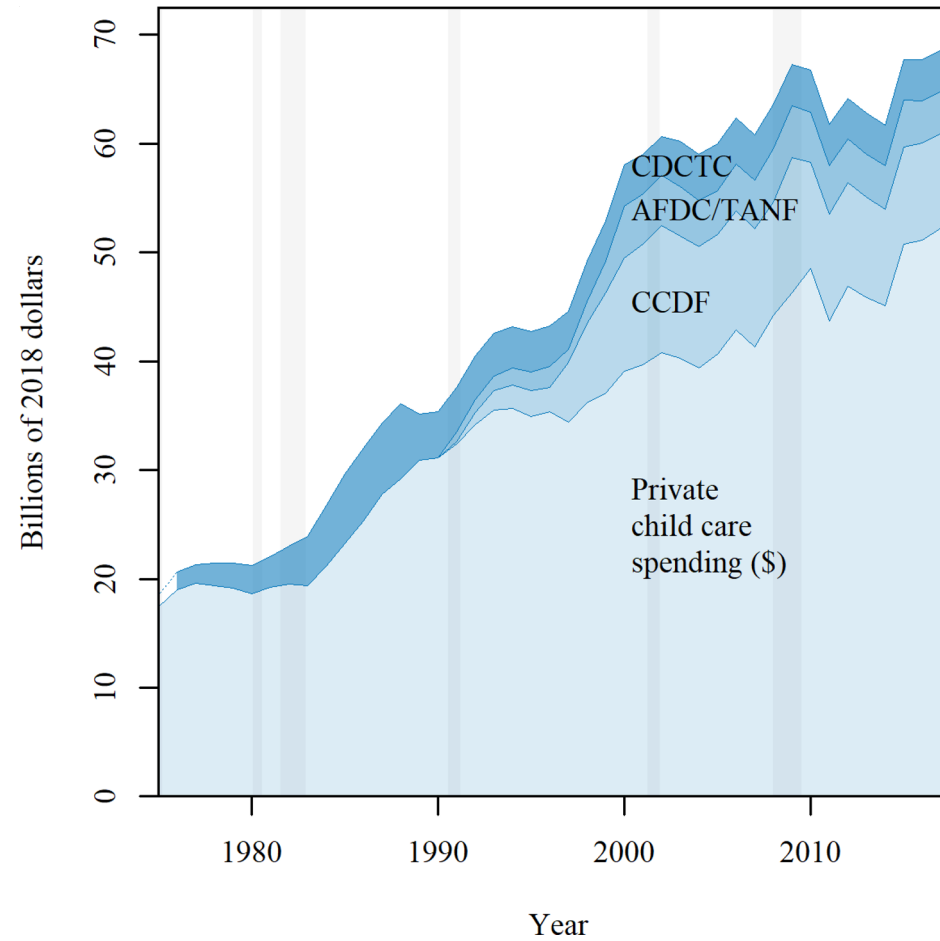
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Distribution of Family Child Care Expenses per Income



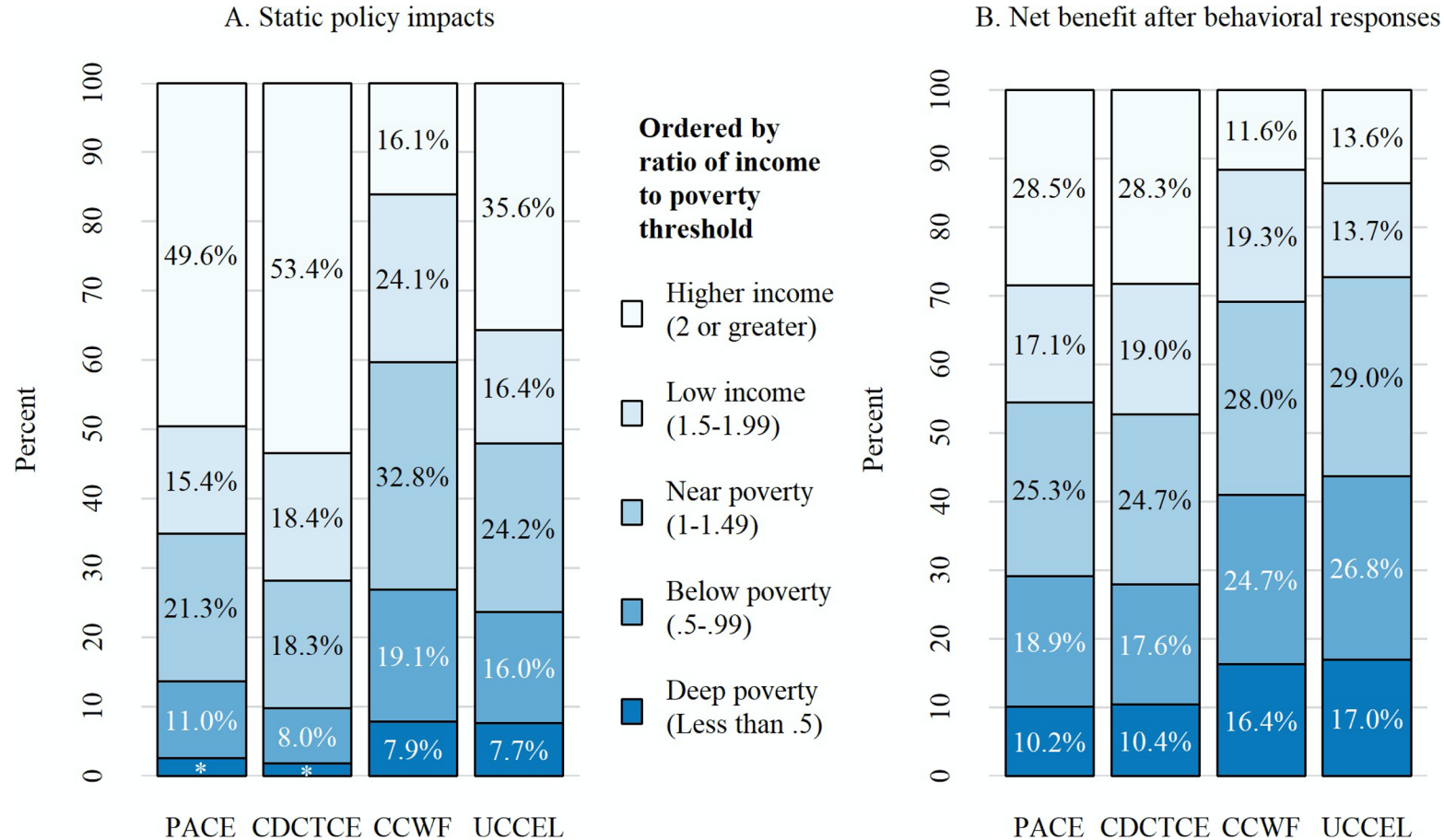
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Private and Public Child Care Expenditures



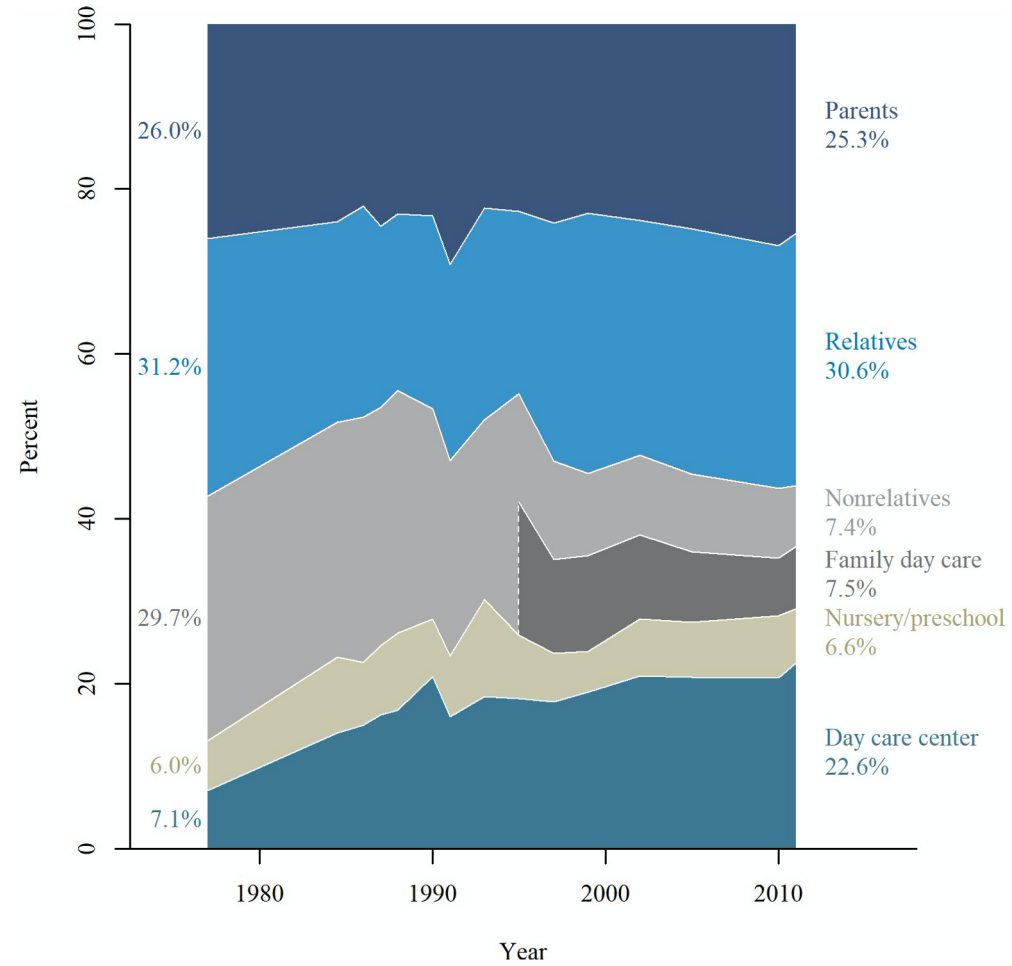
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Targeting of Proposed Benefits by Poverty Status



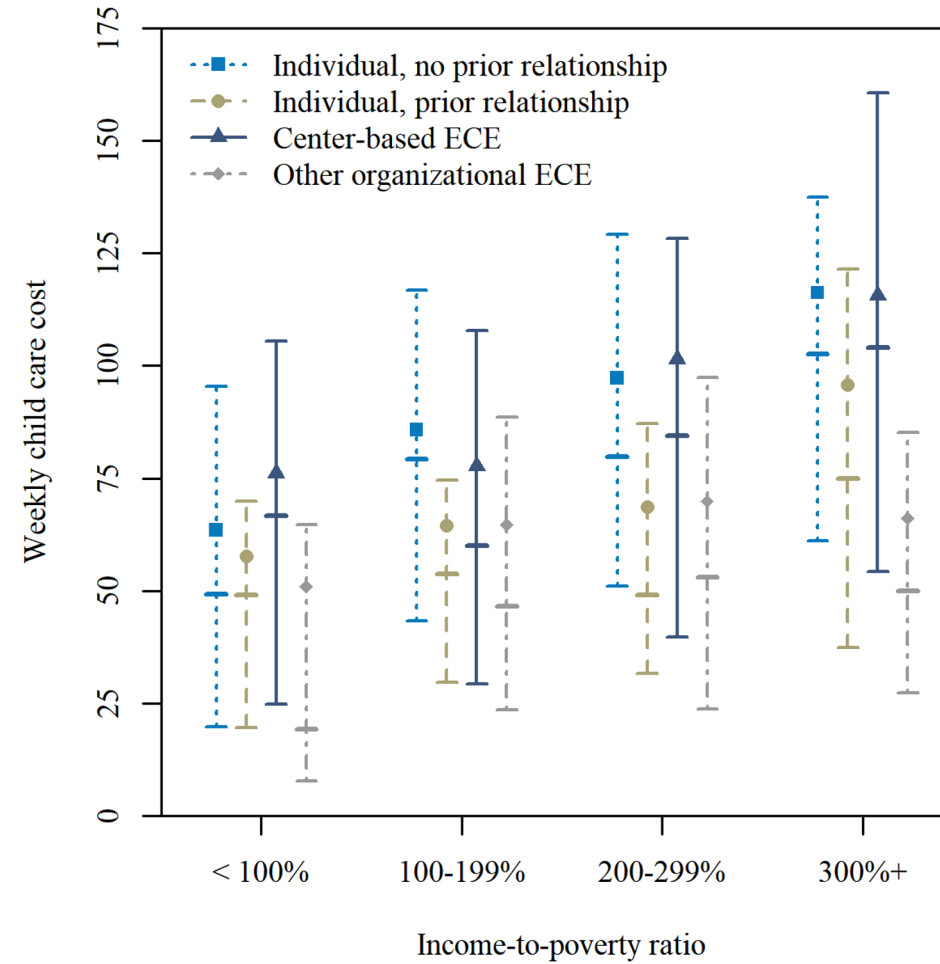
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Arrangements: Preschoolers of Employed Mothers



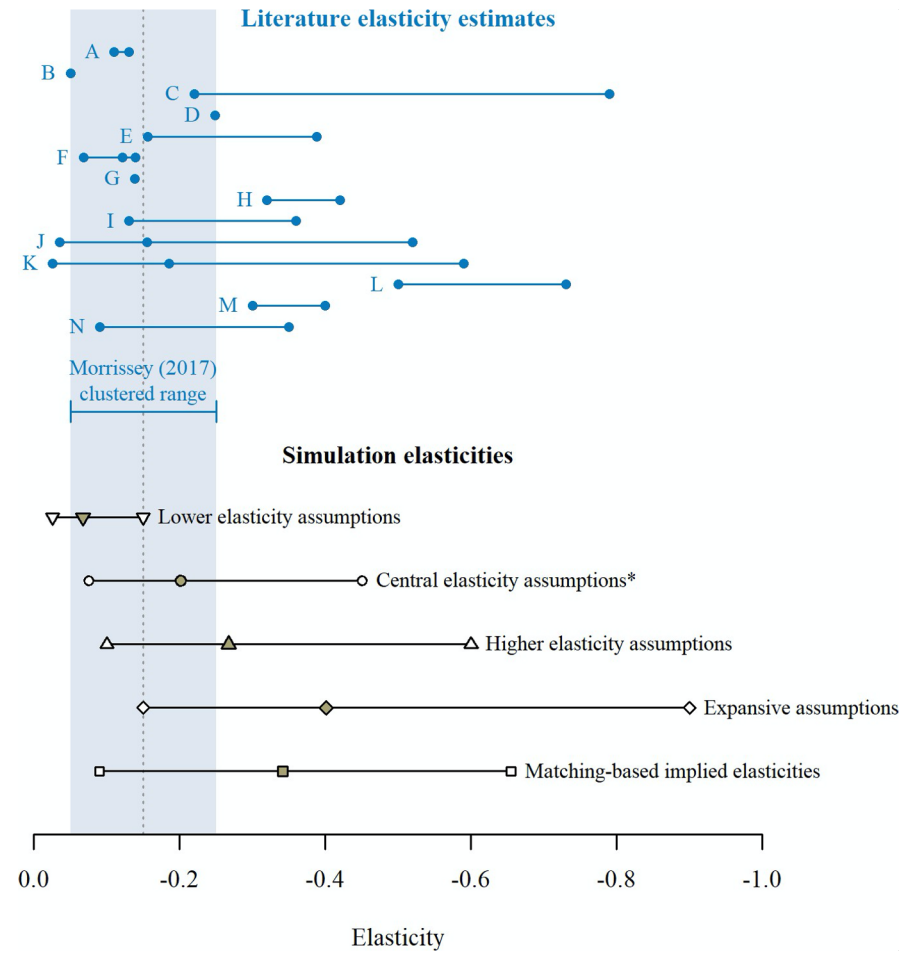
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Child Care Costs by Arrangement Type



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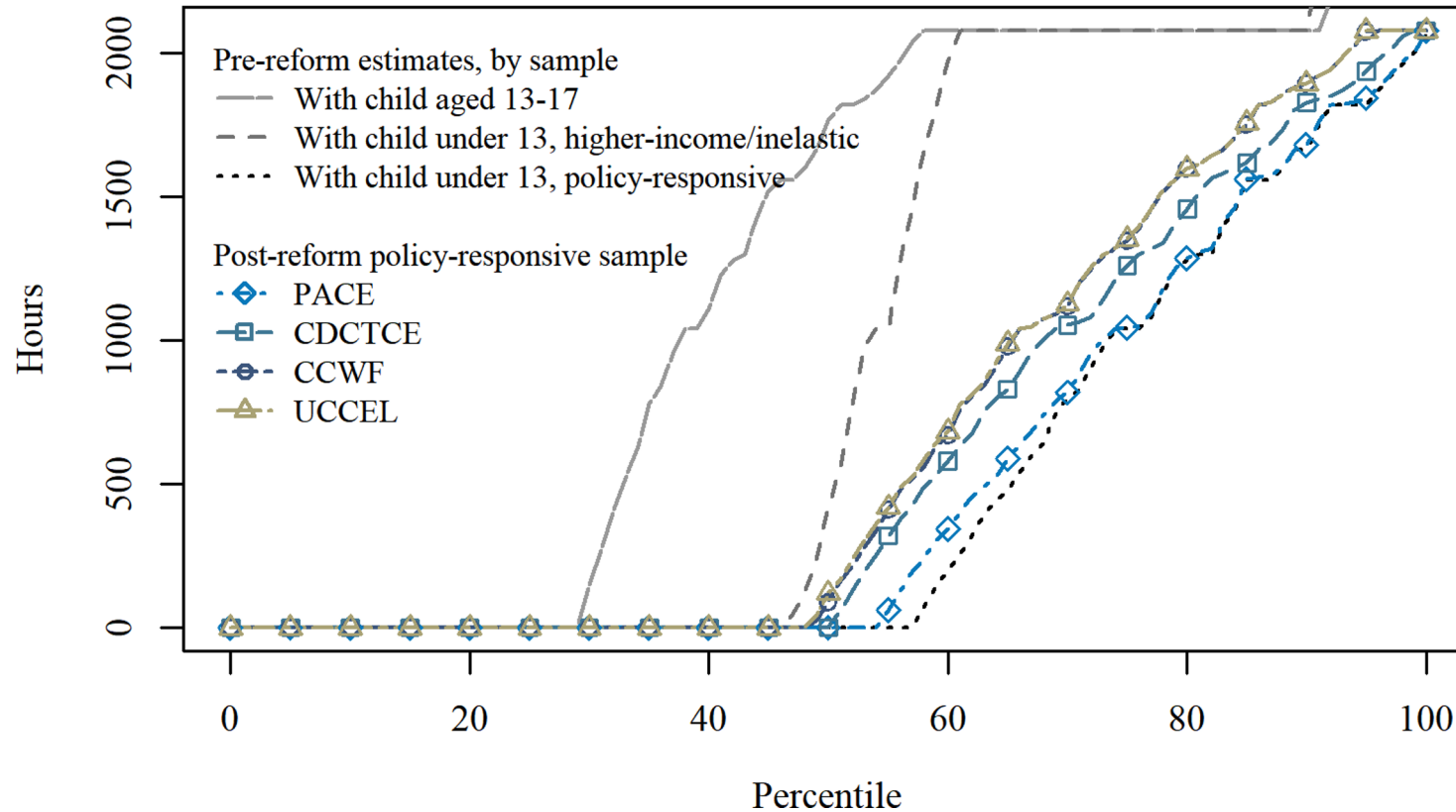
Employment Elasticity for Child Care



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Distributional Effects of Child Care Reform

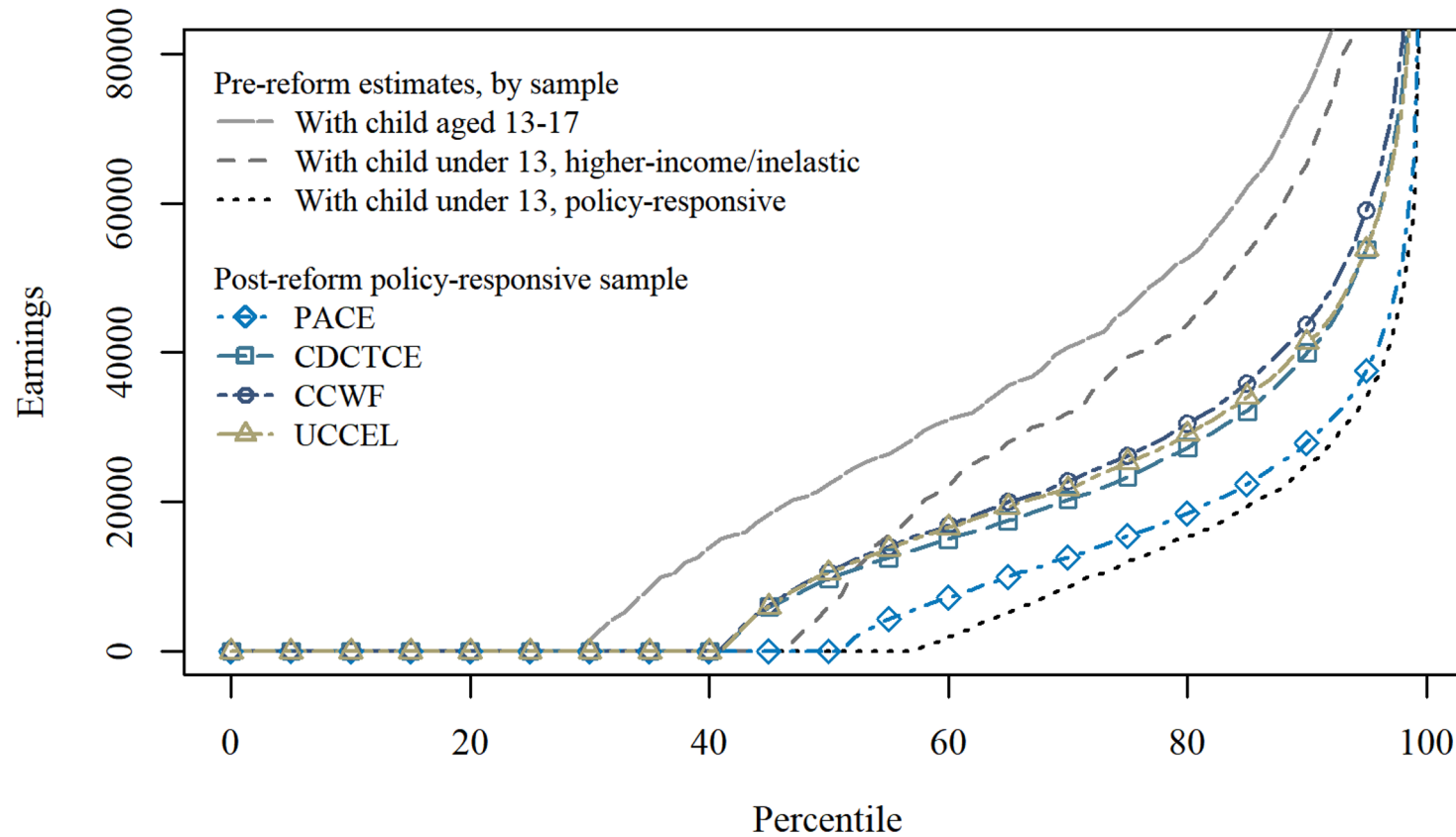
A. Distribution of yearly hours of labor supply



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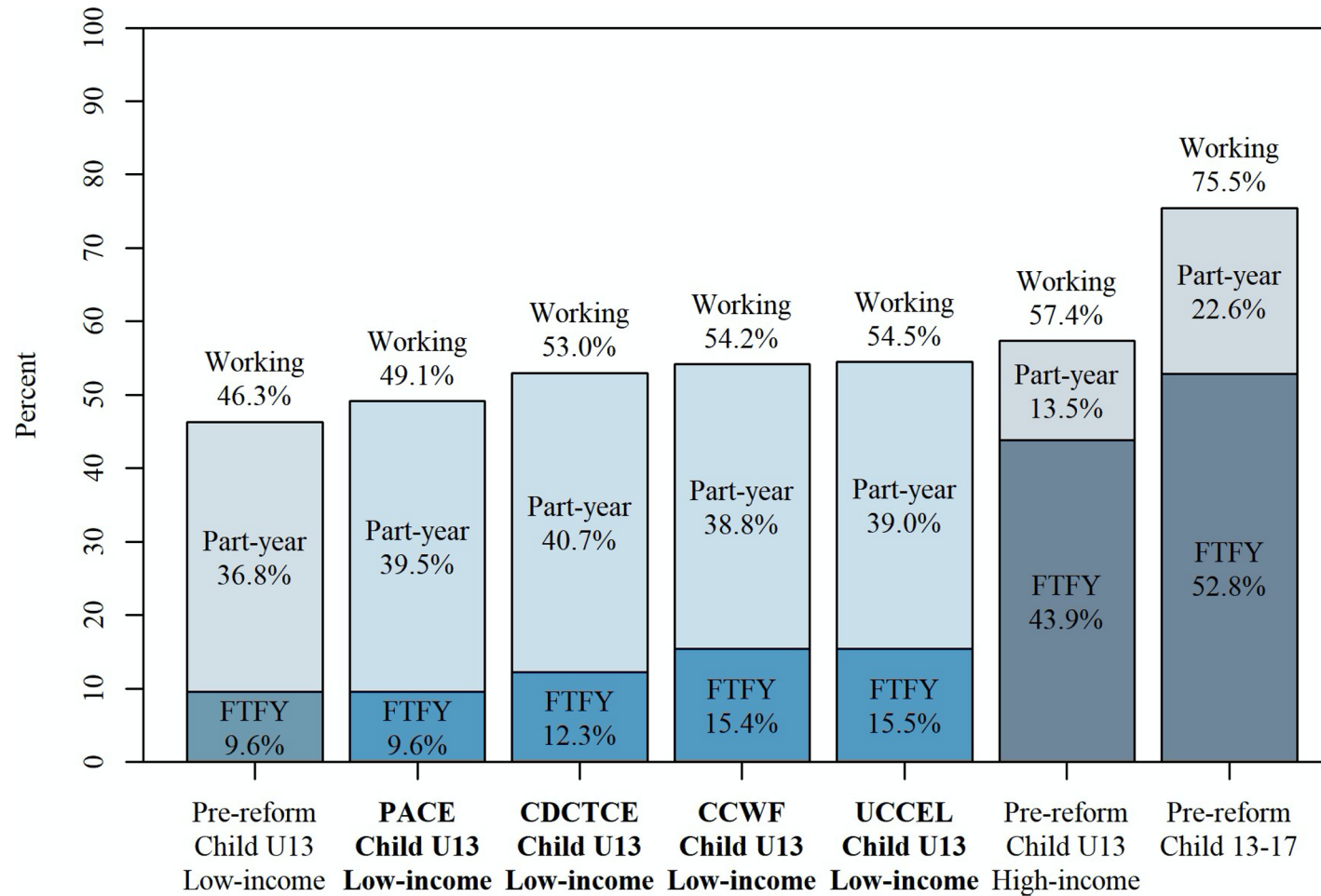
Distributional Effects of Child Care Reform

B. Distribution of yearly earnings



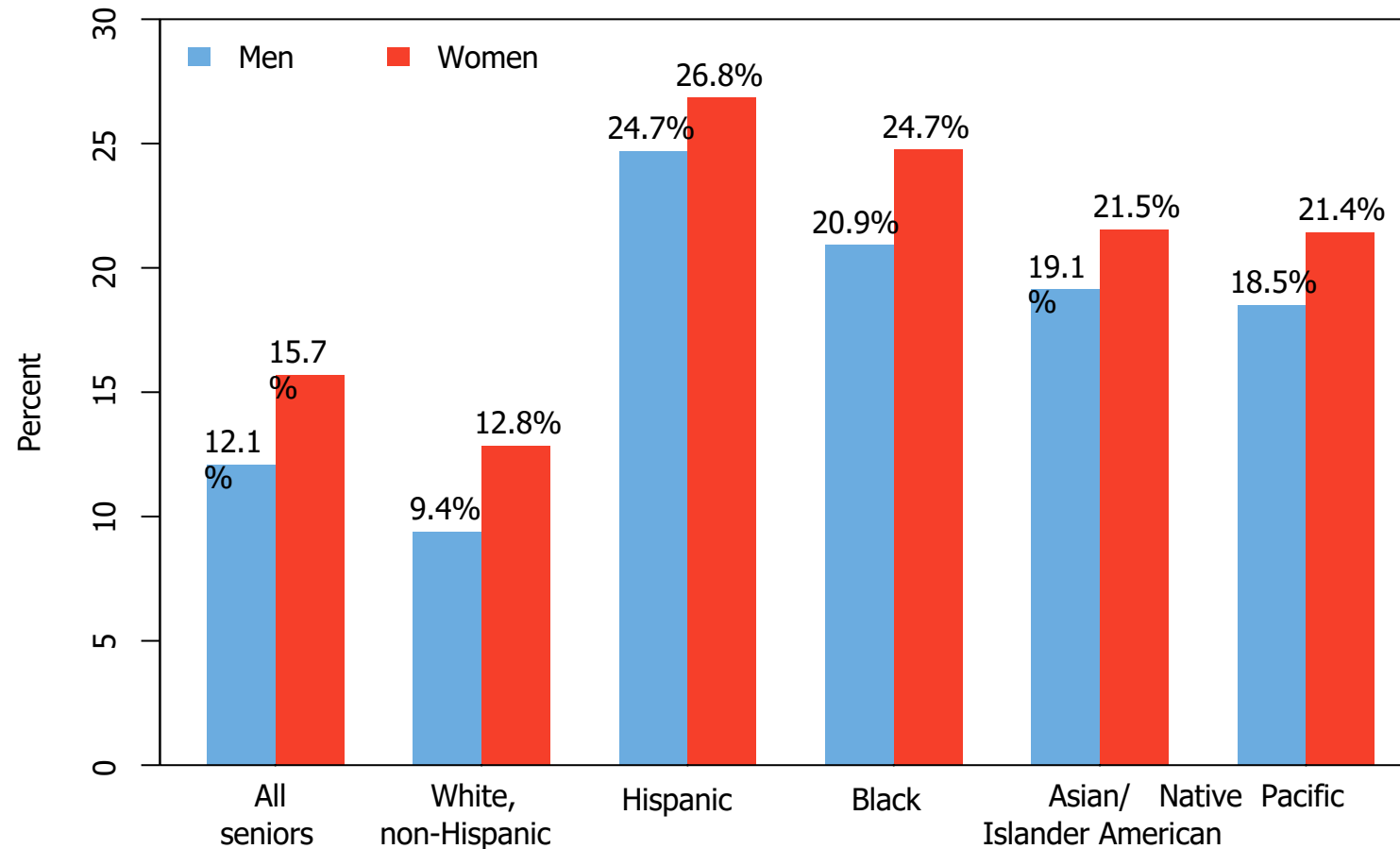
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Work Status for Single Parents or Secondary Earners



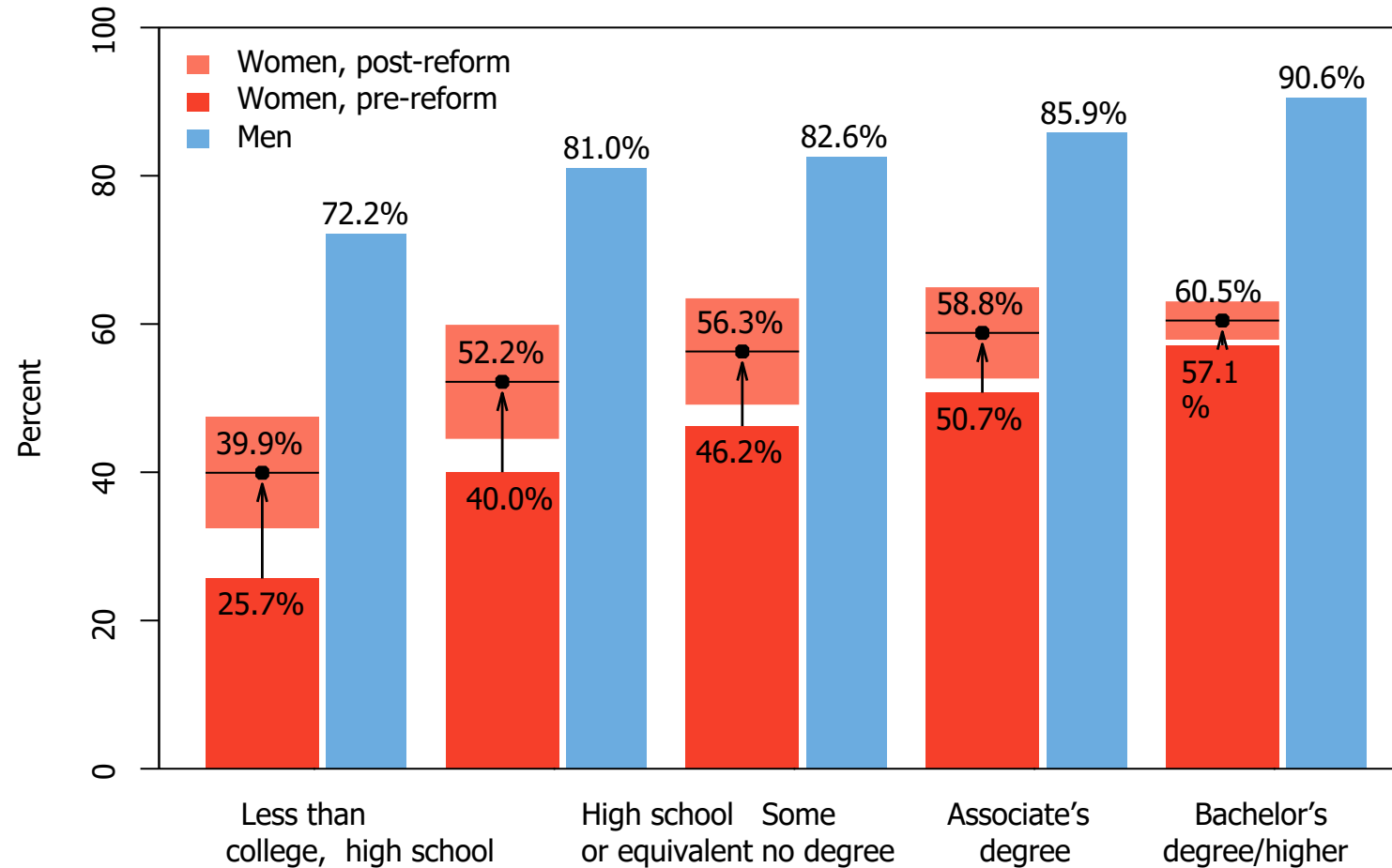
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Poverty Rates for Men and Women 65 Years and Older



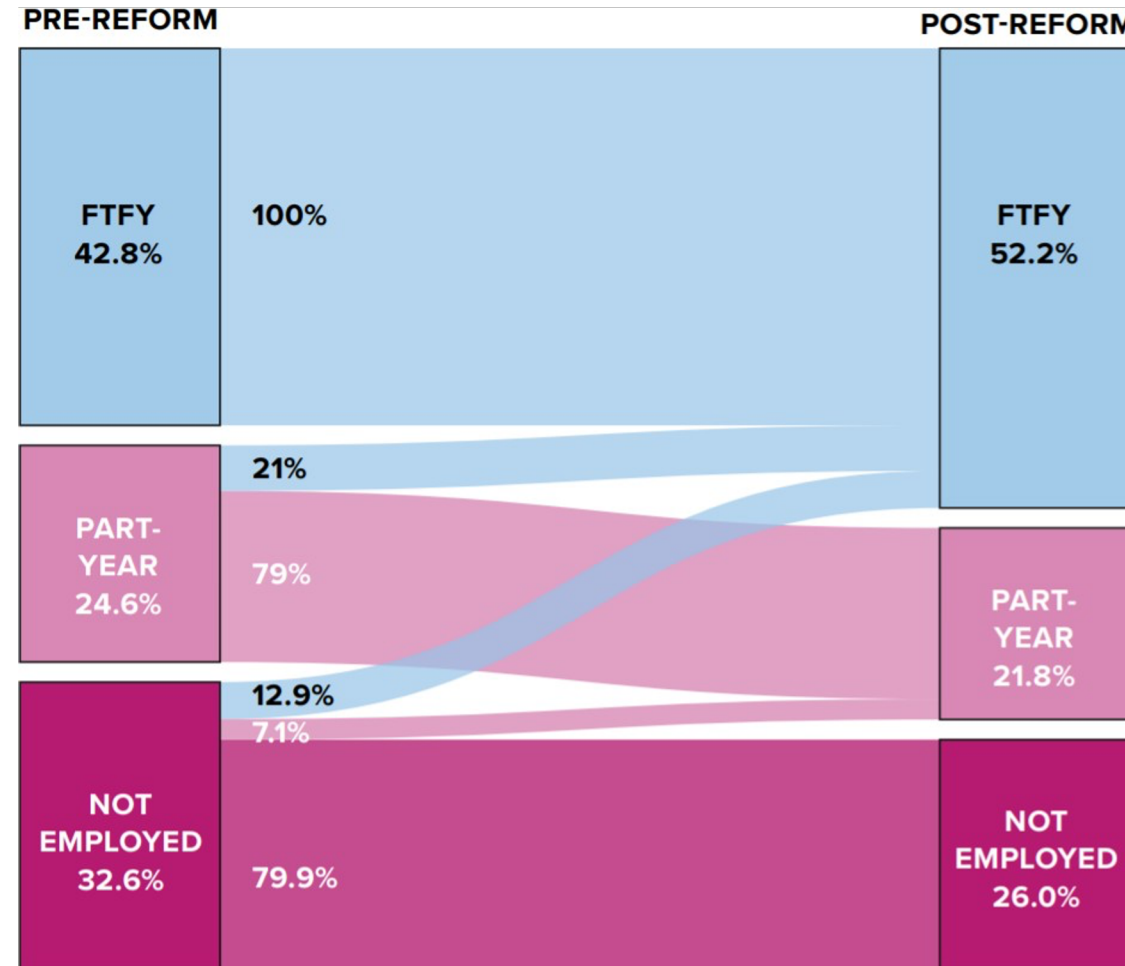
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Working Full-Time/Full-Year (Ages 25 – 64, +Child < 13)



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Work Status Transitions: Women with Child < 13

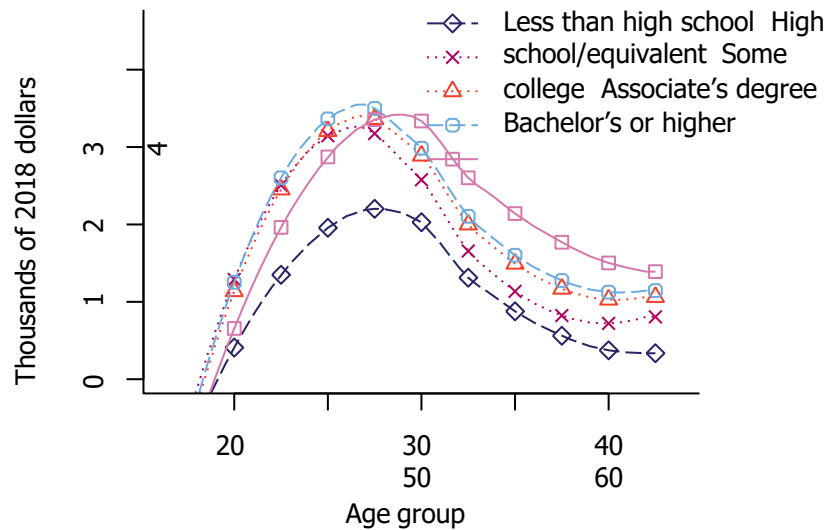


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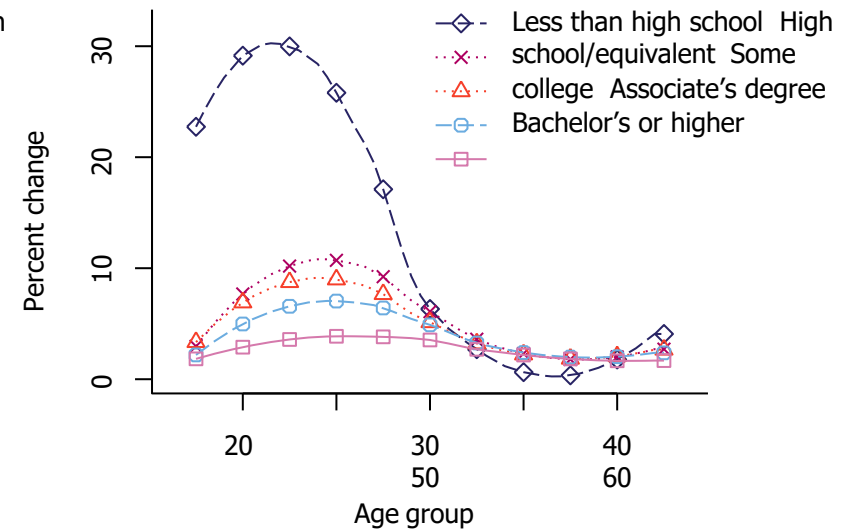
Net Income Changes: Women with Two Children

Life-Course Profiles by Educational Attainment

A. Net change in income, by educational attainment



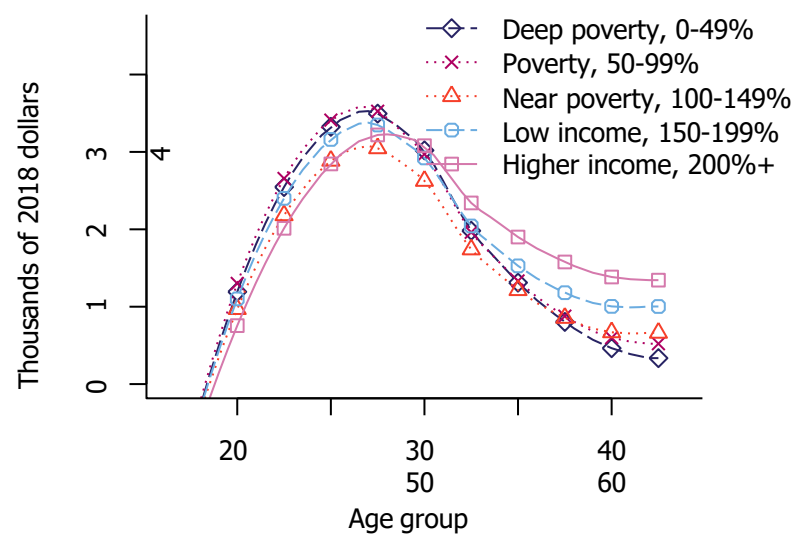
B. Percent change in income, by educational attainment



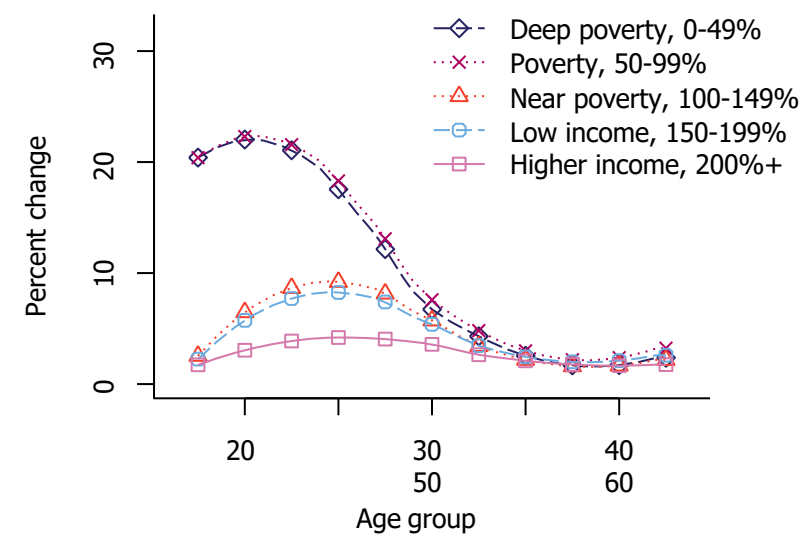
Net Income Changes: Women with Two Children

Life-Course Profiles by Poverty Status

C. Net change in income, by poverty status



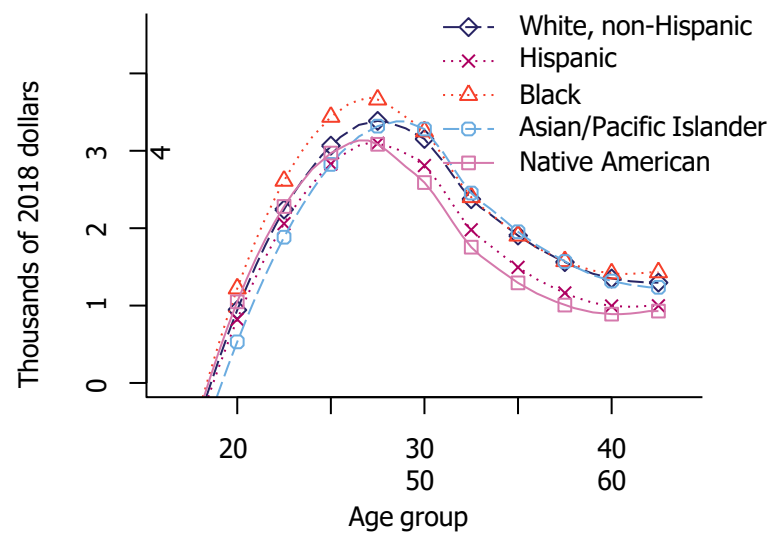
D. Percent change in income, by poverty status



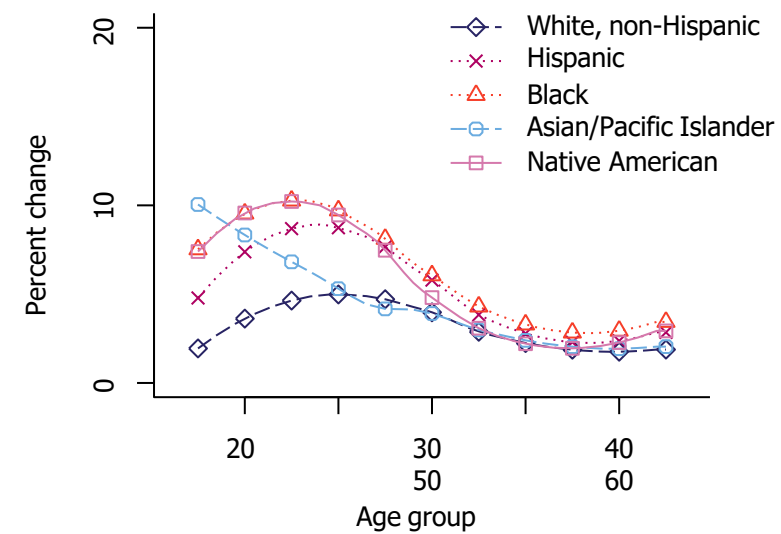
Net Income Changes: Women with Two Children

Life-Course Profiles by Race/Ethnicity

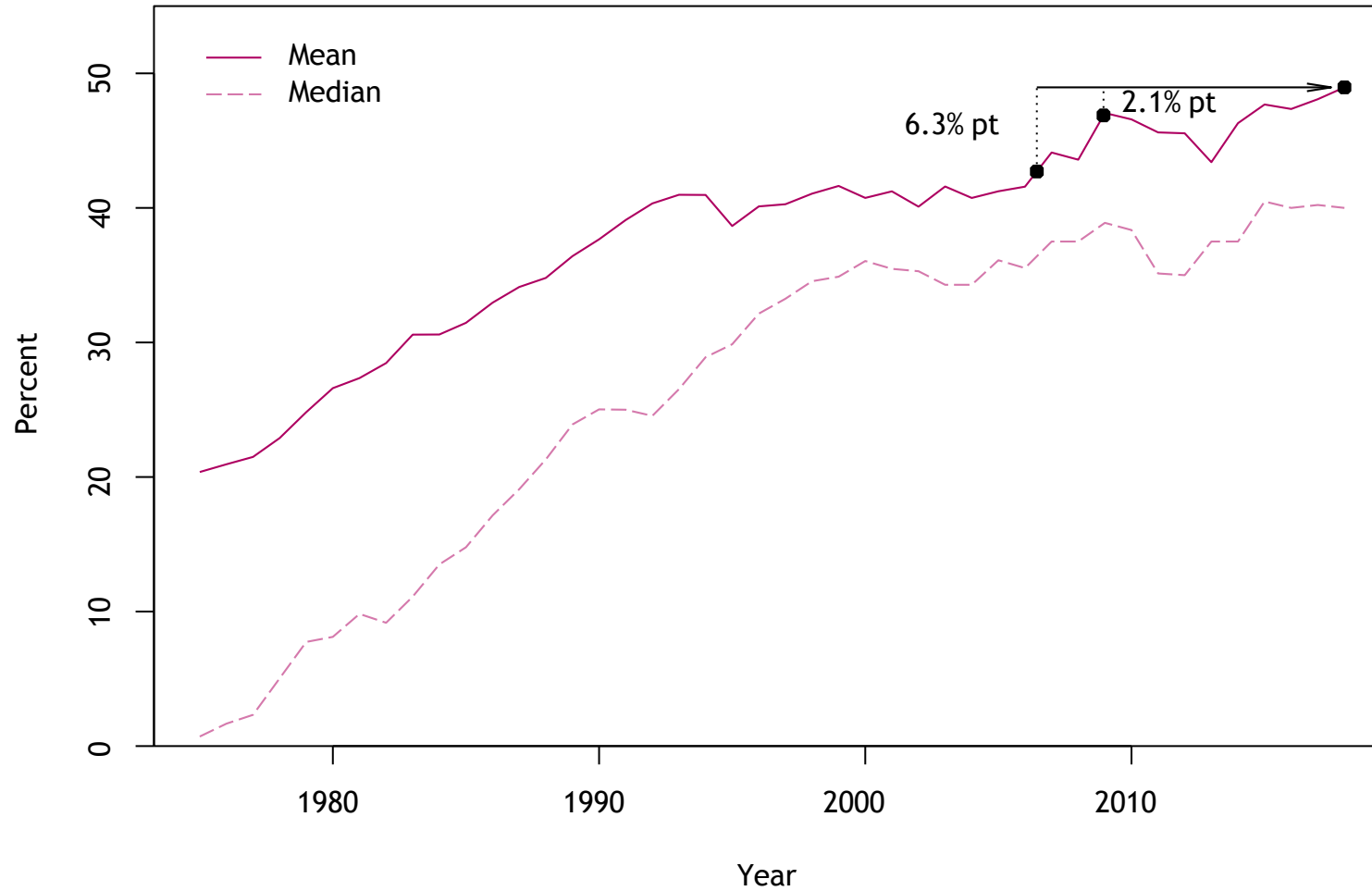
E. Net change in income, by race/ethnicity



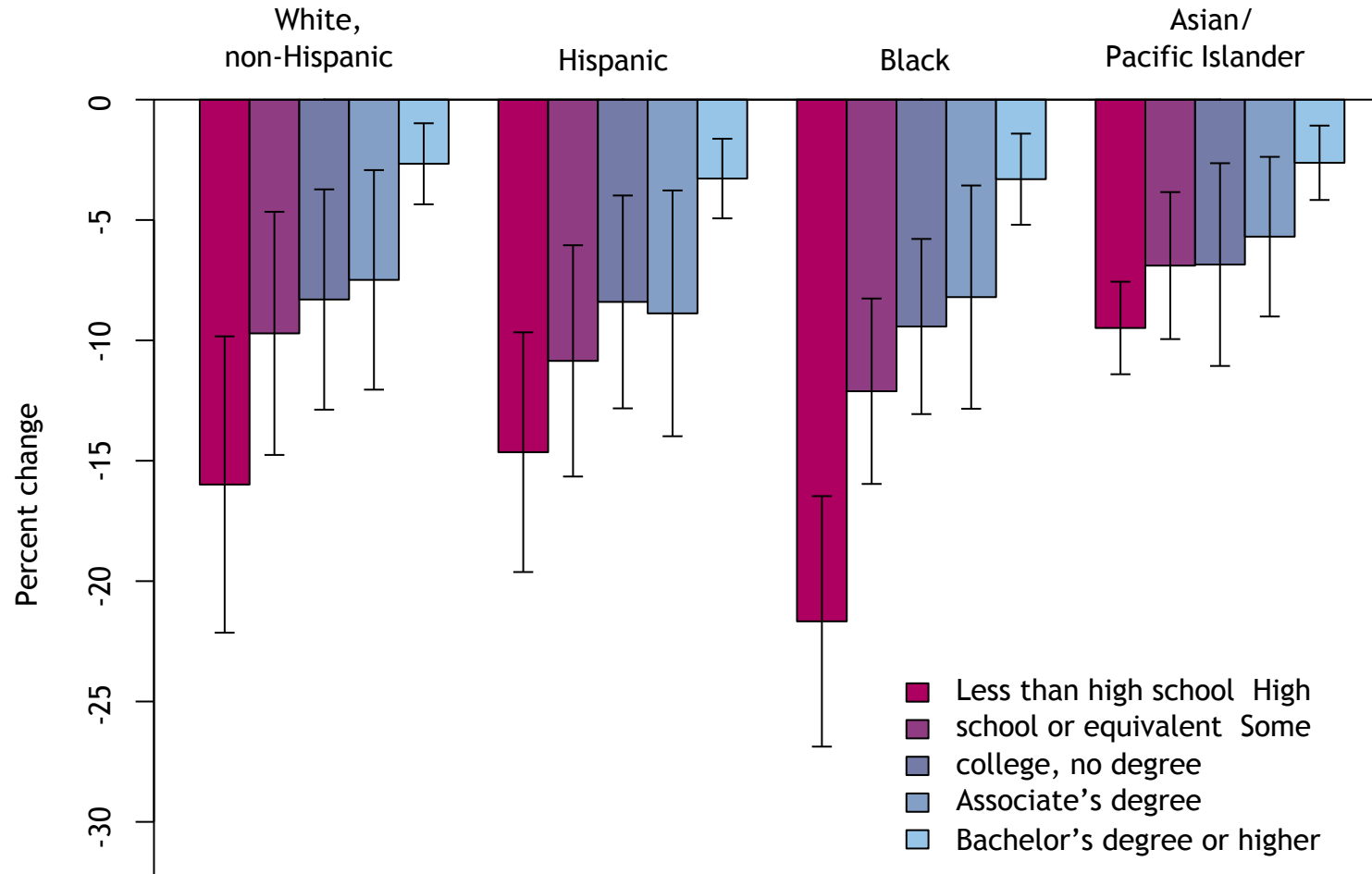
F. Percent change in income, by race/ethnicity



Women's Earnings per Men's (Ages 25 – 64, +Child < 13)



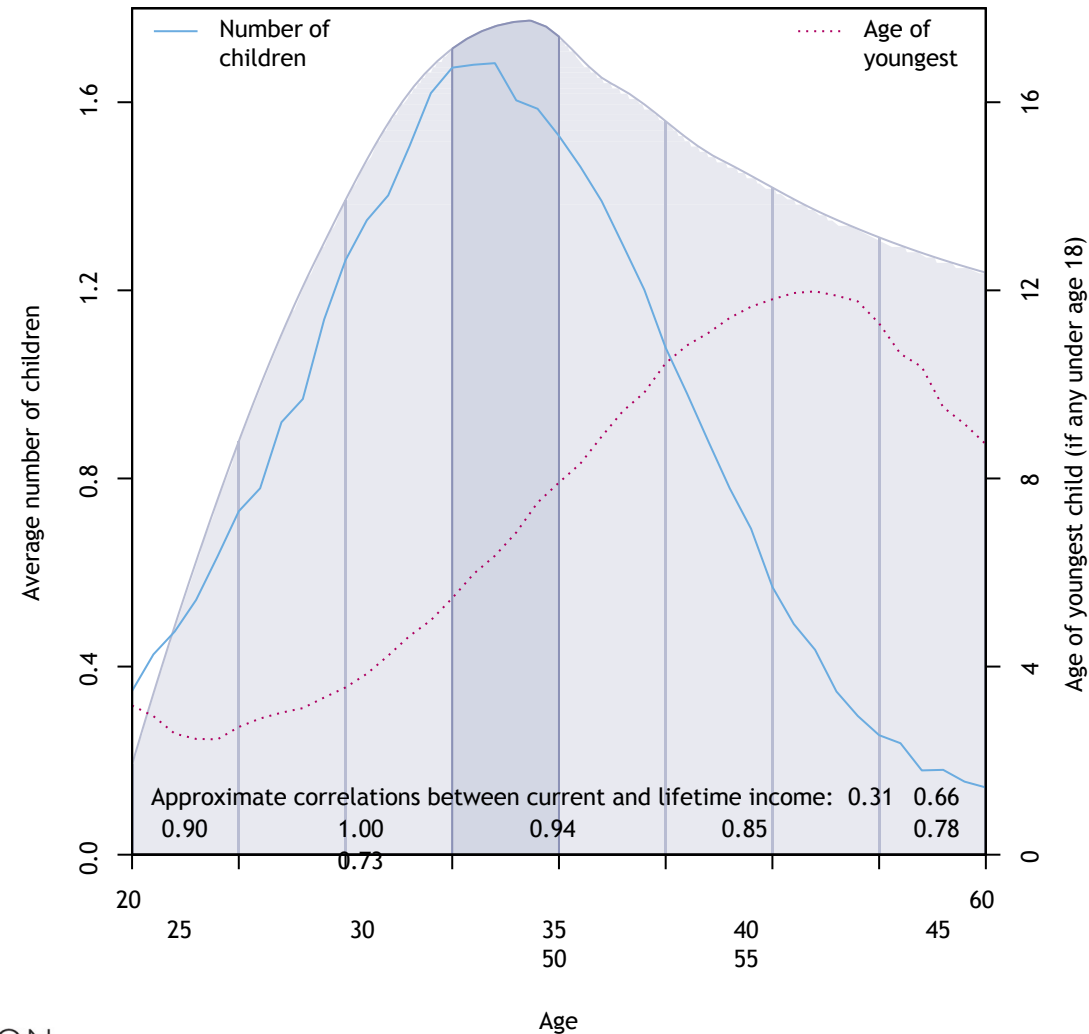
Gender Earnings Gap (Ages 25 – 64, +Child < 13)



Employment Elasticity to Child Care Price



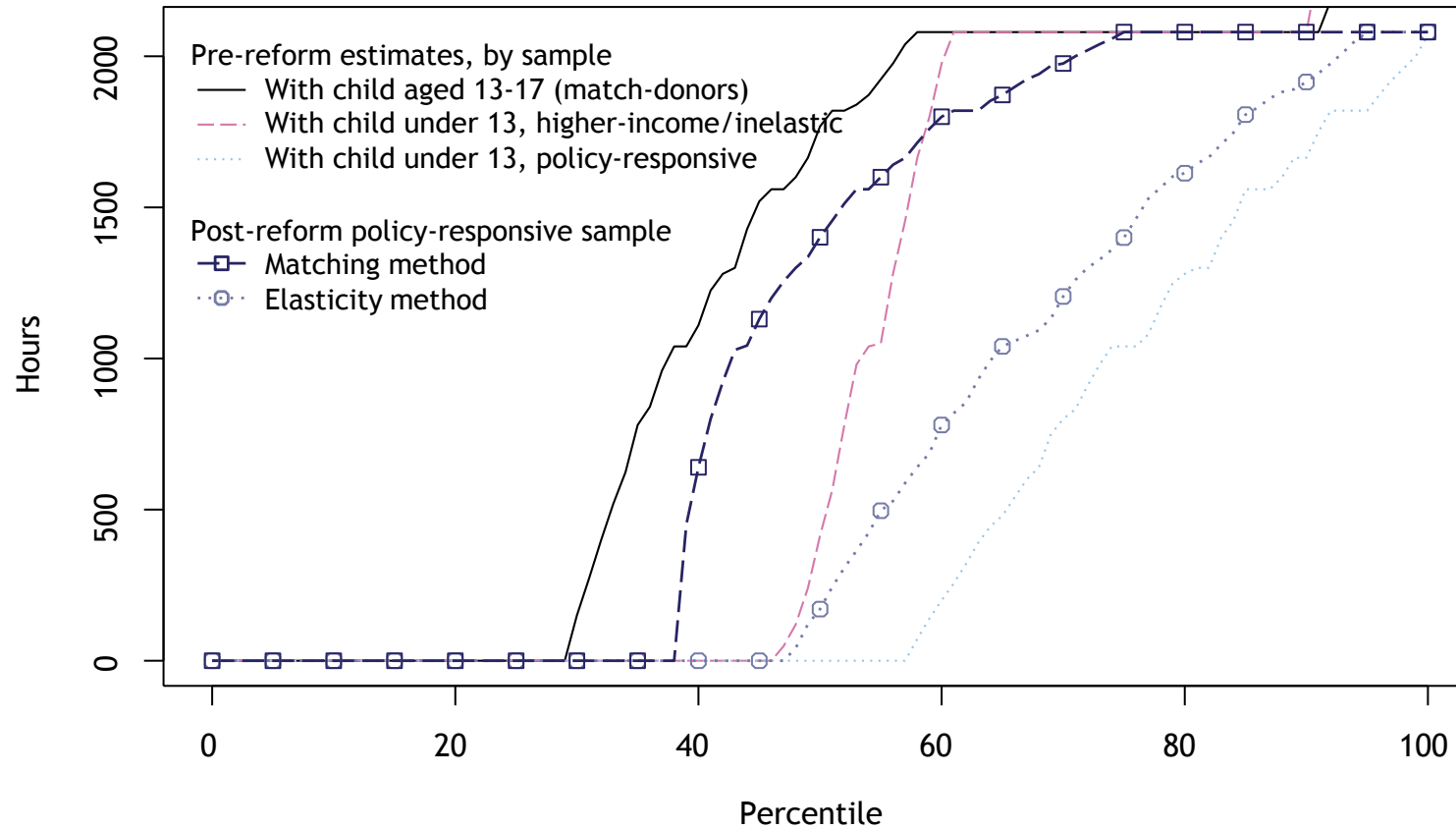
Life-Cycle Correlations with Family Size and Earnings



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Distribution of Earnings by Family Type

A. Distribution of yearly hours of labor supply



Distribution of Earnings by Family Type

B. Distribution of yearly earnings

