

National Childcare Reform: Improving Quality and Affordability

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Introduction

Quality childcare is a prerequisite to a more successful life and is the kind of investment that is worth more than the money it costs to buy in. Participants experience improvements in cognitive, social, emotional and academic domains, and experience improved outcomes later in life (Campbell et. al., 2012). Quality childcare offers benefits for parents too as its stability promotes parental employment stability and furthers opportunities for long-term financial benefits. However, despite its invaluable universal benefits, access is not equally available to the eleven million children age five and younger who spend an average of 36 hours in childcare each week in the US (Child Care Aware of America, 2015). Steep costs inhibit access to quality options, forcing parents to choose lower quality options, return to welfare, leave work, or choose between paying for childcare or other expenses such as clothing. Furthermore, despite the high costs of childcare, research has shown that in many situations the quality level of the care that is provided does not match the level of expense. Therefore, in the search for quality childcare, increased subsidies must be accompanied by increased enforcement of standards of care.

Defining the Problem:

Benefits of Quality Childcare

- **Importance of Quality Care:** Research has shown that intensive early childhood education can be a protector against developmental delays and academic problems (Campbell et. al., 2012). Children's social and emotional development are enhanced in higher quality care, enabling them to develop the necessary social skills and self-esteem for future academic success (Marshall, Robeson, Tracy, Frye, & Roberts, 2013). Furthermore, participants experience decreased grade retentions and special education placement, and improved math and language skills (ibid). Moreover, participants display continuous improvements in cognitive development and academic skills, attend more years of school, and are more likely to be enrolled in college (Campbell et. al., 2012). Research indicates that the benefits of participation in quality childcare extend into adulthood, including increased annual income and overall socioeconomic status as well as decreased rates of crime (ibid).
- **Impact on Parental Employment:** Sixty five percent of parents' work schedules are impacted by childcare challenges an average of seven and a half times over a six month period (Child Care Aware of America, 2015). Such childcare breakdowns lead to increased absenteeism and lateness at work, negatively impacting parental employment. Child care assistance helps parents miss fewer work days, allows them to work more hours, and improves their chances of remaining employed for longer periods (ibid). By allowing parents to remain in the workforce, childcare ultimately has the potential to increase earnings for families in the long run.

Defining the Problem:

Lack of Affordability

While the US Department of Health and Human Services considers 10 percent of a family's budget as the benchmark of affordable childcare, families spend well above that each year (Child Care Aware of America, 2015). Depending on one's state of residence, childcare costs range from seven to fifteen percent of the average income for married couples (ibid). In comparison to other expenses, the average spent on childcare for two children is more than food in all states, and is the single most costly household expense in the Northeast and Midwest (ibid). Despite these high costs, governmental assistance is severely limited. With the last word on childcare assistance, state legislatures have decreased parental access to the subsidies by tightening eligibility requirements and increasing parental copayments (ibid). Even when families manage to meet eligibility criteria, a mere one in every six of those children actually receive the subsidy. Furthermore, the current non-refundable Child and Dependent Care Tax Credit (CDCTC) structure allocates nearly two thirds of its benefits to higher income families, since it is most applicable to those with higher taxes as it is based on the amount of taxable income (Greenberg, 2007).

Defining the Problem: Lack of Quality Care Options

Though subsidy recipients are assisted financially, their access to childcare of high quality is limited due to limited availability of providers and high provider reimbursement rates (Hawkinson, Griffen, Dong, & Maynard, 2013). Research has shown that higher subsidies by no means guarantee high quality childcare, proving that increased financial assistance must be accompanied by minimum standards of care (ibid). In fact, “nationally, it is estimated that less than 10 percent of childcare is sufficient quality to positively impact children’s outcomes. Over 80 percent of childcare centers are merely of “fair” quality” (Child Care Aware of America, 2015, p. 11). States are currently mandated to allot a mere four percent of its Child Care Development Fund (CCDF) monies towards care quality (Greenberg, 2007) which barely prioritizes quality assurance. Furthermore, parents may have difficulty distinguishing higher quality centers or may place more importance on other factors in the selection of a provider (Hawkinson, Griffen, Dong, & Maynard, 2013).

What's Been Done?

The unaffordability of quality childcare has not escaped the government's eye. In a State of the Union address last year, President Obama promised to double the amounts of children covered by the Child Care Development Fund (CCDF), while aiming to cover the full cost of childcare for lower-income families. The proposal ensures access to subsidies to low and moderate-income families who have children under age three. The President also called for a tripling of the maximum childcare tax credit to a maximum of \$3,000 per child. To improve quality of care, the proposal provides resources to help implement reforms for improved quality by promoting safety trainings, background checks, inspections and skilled early educators.

Recommendations: Quality Improvement

The definition for quality of care requires redefining, as it is currently ambiguous with much room for redefinition and negligence. An evaluation of the current system's policies, procedures and program implementation by childcare professionals is required, in an effort to determine where restructuring can occur to simultaneously support parental work and child development (Adams and Rohacek, 2002). The inclusion of childcare professionals in quality determinacy is essential, as fund allocation without professional guidance cannot succeed in quality improvement. Further strategies to be implemented include: mandatory quality ratings, increased salaries to compensate highly educated teachers, and the development of a federal fund wherein states develop a strategic plan to improve quality of care (Greenberg, 2007). Funding constraints are a fundamental issue to be addressed as systemic changes are dependent on available funding. Without such additional resources from the federal government, fewer families will receive services, causing states to continue prioritizing support for parental work over child development (Adams and Rohacek, 2002). While the president's proposal mentions increased resources, a complete assessment must be completed to determine whether these resources will be enough to cover the complete necessary expenses.

Recommendations: Increasing Assistance and Affordability

Guaranteed assistance: In place of the current block grant structured subsidy program, all families with incomes below 200 percent of poverty and working families receiving TANF will be guaranteed assistance when needed to enter or sustain employment. This guarantee will ensure enriching childcare opportunities for all working parents and would not discriminate based on one's state of residence or time of application, nor provide a specific age limit. A federal state matching structure would be implemented, wherein families pay an income-dependent copayment and the state government fills in the rest. The total sum would ensure that families receive access to quality, developmentally-appropriate options, and assistance will be both guaranteed and nondependent on one's state of residence, welfare status or previous funding.

Recommendations: Increasing Assistance and Affordability

Tax credit reform: The current non-refundable Child and Dependent Care Tax Credit (CDCTC) structure is most helpful to families of higher income. In place of current modest tax policy credits, the CDCTC will be made refundable with expanded credit ranging from 50 percent to 20 percent of covered childcare costs, depending on the family's income (Greenberg, 2007). This will help with the financial expense while promoting access to higher-cost care, and an advance payment structure will be developed to ensure practicality of access (ibid). Benefits will be provided to 1.5 million more families, and would cost approximately \$25 billion over five years (ibid).

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