



Building Bipartisan Support for Child Care Toolkit: 2023 Update

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Bipartisan Policy Center

STAFF

Linda K. Smith

Director,
Early Childhood Initiative

Brittany Walsh

Associate Director,
Early Childhood Initiative

Victoria Owens

Policy Analyst,
Early Childhood Initiative

Caroline Osborn

Project Assistant,
Early Childhood Initiative

Katherine Mercado

Project Assistant,
Early Childhood Initiative

Olivia Rotolo

Project Manager,
Early Childhood Initiative

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Table of Contents

INTRODUCTION

- 4 Introduction to the Toolkit
 - 5 Tips for Building a Bipartisan Coalition
-

THE CHILD CARE FUNDING LANDSCAPE

- 7 Overview of Child Care Funding
 - 14 The Federal Role in Child Care
 - 23 The State Role in Child Care
 - 24 Conclusion
-

TIPS AND GUIDES FOR BUILDING SUPPORT

- 26 Messaging to Conservatives and Liberals
 - 28 Talking Points for Making the Case for Child Care
 - 30 Convening a Bipartisan Coalition
 - 32 Engaging Policymakers
-

DIVING DEEPER: UNDERSTANDING CHILD CARE FUNDING

- 35 History of Federal Funding for Child Care and Early Learning
 - 42 Federal Funding for Child Care
 - 46 The Market-Based, Mixed-Delivery Child Care System
 - 48 Accessing Child Care Subsidies
 - 52 Supporting Child Care Through Tax Policy
 - 55 Temporary Assistance for Needy Families Program Overview
 - 58 International Investments in Early Childhood
-

SUPPORTING CHILD CARE AND EARLY LEARNING

- 65 The Science of Early Childhood Development
 - 67 Strengthening Physical, Social-Emotional, and Cognitive Development through Child Care
 - 70 Investments in the Future Workforce
 - 73 Economic Impact of the Child Care Industry
 - 75 Strengthening Families Through Child Care
 - 78 Tribal Early Care and Education: Supporting American Indian and Alaska Native Children
 - 82 Child Care Facilities: Quality Matters
 - 85 Characteristics of the Child Care Workforce
 - 88 The Value of Family Child Care
 - 91 Parent Perspectives on Child Care
-

ADDITIONAL RESOURCES

- 97 Early Care and Education Glossary
- 100 Handy Acronyms
- 101 Early Childhood Funding Table
- 102 Endnotes

Introduction

Quality child care and early learning is critical to the well-being of the nation—helping build a strong foundation for children’s lifelong health and learning, supporting parents’ ability to work and families’ economic security, and creating a stable workforce for businesses, both big and small.

Despite its value, the nation’s child care system is broken. Not all families who want or need child care have access, and the cost of care exceeds what many families can afford to pay. Child care business owners also struggle to maintain sustainable profit margins, impacting their business model and employee wages. With a system that fails to work on many levels, parents may be forced to leave the workforce, and young children—particularly those from less advantaged families—may miss out on quality early learning experiences that place them on equal footing with their peers. Further, despite the skills and competencies required for child care workers, the low wages and lack of benefits keep many from entering the field, calling into question the future and stability of the child care workforce.

The coronavirus pandemic further exacerbated the child care industry’s ongoing challenges. The ongoing crisis has impacted both parents’ demand for child care and providers’ ability to serve their communities. While the industry is showing a slow return, the system remains weakened and in need of continued investment.

The child care and early learning landscape is complex and involves a number of funding streams and programs at the national, state, and local level and across public and private sectors. It also includes an array of partners—such as child care workers, the business community, faith leaders, economic development bodies, financial institutions, and the health and education sectors—who either contribute to or benefit from child care, or both. It is imperative that these stakeholders participate in conversations on child care and early learning—whether they are directly or indirectly impacted.

To guide these conversations, the Bipartisan Policy Center compiled the *Building Bipartisan Support for Child Care Toolkit: 2023 Update*. This toolkit can help partners across the nation—in states and localities with a range of political leanings—understand the child care landscape, establish new relationships, and build bipartisan solutions for child care’s most pressing challenges.

Tips for Building a Bipartisan Coalition

- 1** Bipartisan partnerships are not built overnight. It takes time to establish trust and find common ground. Lasting bipartisan partnerships are rarely born out of a crisis. Instead, it is critical to build strong, trusting partnerships early to head off a crisis or to be better prepared to deal with one.
- 2** Words matter. Know your audience and the messages that might resonate with them. Avoid inflammatory buzzwords and jargon and establish shared definitions at the beginning. Don't let miscommunications derail the conversation and hinder productivity.
- 3** Work with people who want to work together. Be open-minded when recruiting people to collaborate with, but keep in mind that not everyone will mix. Let invitees know who will be participating so they can make an informed decision about joining.
- 4** Meet people where they are. Participants will bring a range of knowledge about and experience with child care, but if someone is at the table, that person cares enough to show up. They might offer a new perspective or a point of view you haven't yet considered.
- 5** Provide clear and useful background materials and space to ask questions and learn. Offer partners the opportunity to share relevant materials.
- 6** Be inclusive. And mean it. Make sure that people are there to speak and be heard, not just to check a box.
- 7** Be open and transparent about your goals. Be respectful and honest when disagreements arise and talk them through. Realize you might not always see eye to eye and might have to meet in the middle to move the conversation forward.
- 8** Follow up with next steps to keep momentum. Put them in writing to make sure everyone is on the same page.

The Child Care Funding Landscape

Overview of Child Care Funding

Quality child care is essential for many reasons: so that parents can work; so that young children can grow, learn, and succeed; and so that employers and the broader economy can count on a productive workforce today and in the future. In the United States, parents rely on a diverse set of child care arrangements and options to meet their particular and widely varying circumstances and needs. Three realities are driving the current policy debate about child care in the United States—and contributing to a growing recognition that the country as a whole faces a child care crisis. First, despite changing work arrangements for parents with young children due to the COVID-19 pandemic, there is still a demand for affordable, high-quality child care. Second, care for young children is expensive everywhere, and child care has become a major financial burden for many working families. Third, a growing body of evidence indicates that disparities in learning and life outcomes begin far earlier than previously appreciated—well before children reach school age.¹ This evidence is bolstered by recent advances in neuroscience that point to the years between birth and age 3 as a particularly critical time for cognitive and emotional development.

Against this backdrop, the United States must expand its investment in child care. This section reviews the current funding landscape for child care. It provides business leaders, policymakers, and advocates with the information necessary to frame a productive discussion of needs, resources, and options that advance the goal of providing access to high-quality child care for all. We begin with an overview of the current child care market in the United States, before focusing on the federal and state roles in funding child care in subsequent sections.

Child Care by the Numbers

Number of Children 5 and Under:²

23,526,000

Children 5 and Under With All Available Parents in the Labor Force:³

15,006,000 or 68%

Children from birth through age 5, not yet in kindergarten, who participate in various weekly nonparental care arrangements, by child and family characteristics (2019)⁴

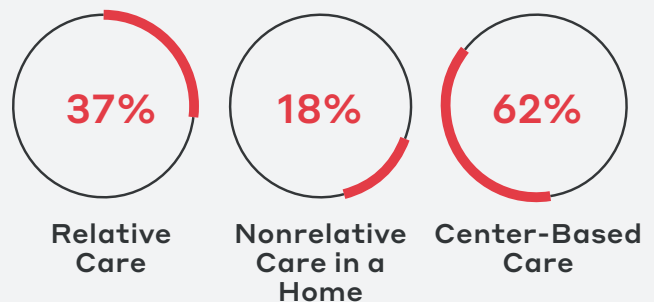
Total number of children:

21,195,000

Total percentage of children in at least one weekly nonparental care setting:

59%

Percentages* of children in at least one weekly nonparental care setting:



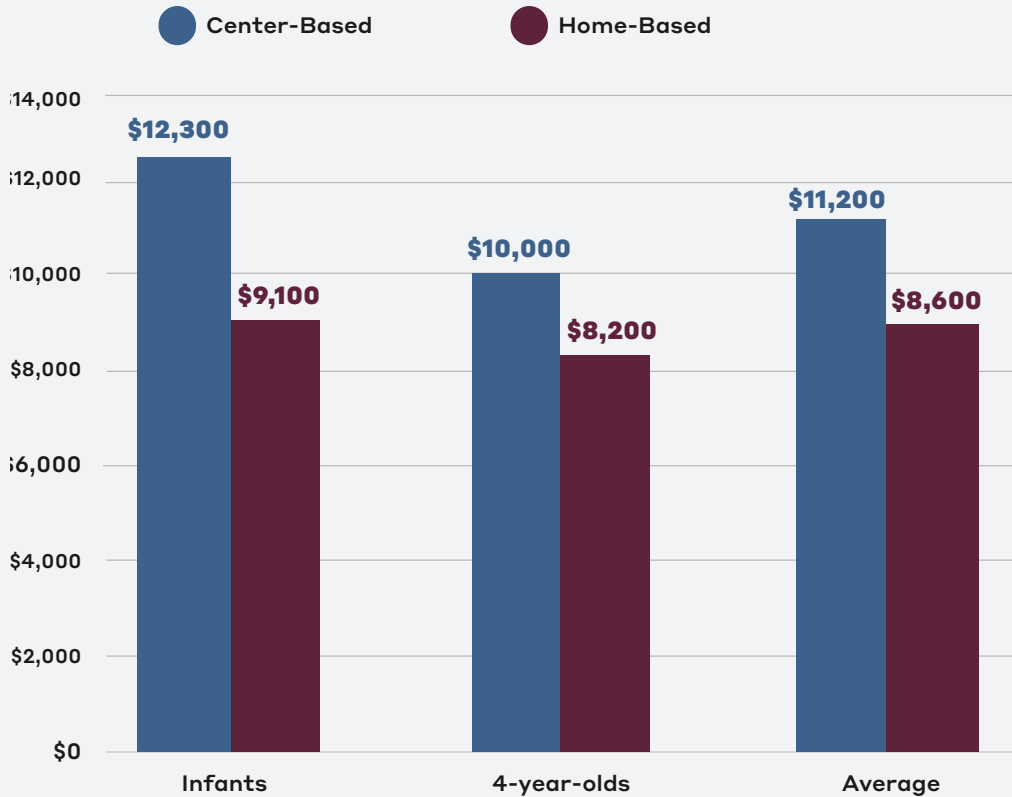
**Percentages do not add to 100% because children may be in more than 1 setting.*

Proportion of Monthly Household Income Spent on Regular Nonparental Care for All Children Under Age 6, by Household Income Level (2018)⁵

Income	% of Income Spent
Poor households (<100% FPL)	33%
Low-income households (100-199% FPL)	21%
Moderate-income households (200-299%)	18%
Higher-income households (≥300% FPL)	11%
Overall Average	21%

Average Price of Child Care (2021)⁶

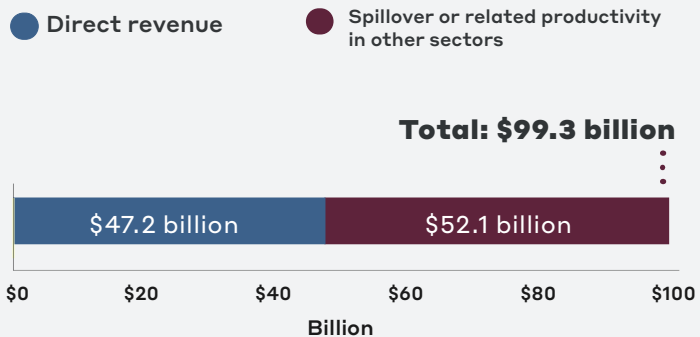
**Overall average price:
\$9,900**



Median Pay for Child Care Workers (2021)⁷

**\$27,490 per year
or
\$13.22 per hour**

Economic Impact of Child Care (2016)⁸



THE CHILD CARE MARKET

Child care in the United States is a market-based system. Families can choose from a variety of for-profit and non-profit providers. Around the country, millions of working parents rely on: large child care centers run by national or regional companies; small individually-operated child care centers; child

care provided in the owner's home (often referred to as family child care or home-based care); care provided in faith-based settings; and individual caregivers (such as nannies or relatives), who may provide care in the child's own home. Some parents may qualify for publicly supported early education programs, such as Head Start, Early Head Start, or public prekindergarten. Such programs often have limited hours and days of operation. Parents who work during non-traditional hours—or

outside the standard nine-to-five, Monday-through-Friday schedule—may require multiple care arrangements. Older children may also attend a public program during the school year and then a private child care program during the summer. Varying circumstances demand a variety of care options.

Governments, businesses, and philanthropic organizations invest billions of dollars in increasing the supply and quality of child care and early learning programs. However, these investments do not come close to being sufficient to make affordable, high-quality child care experiences available to all children.⁹

THE PRICE OF CHILD CARE

Child care is among the most significant expenses for households with children, especially young children. The price of child care varies across regions and depends on the age of the child, the care setting, and the type of care

See page 47 for more information on the market-based, mixed-delivery child care system.

Child care is among the most significant expenses for households with children, especially young children.



Percentage of household income spent on child care for children under age 6.



Percentage of household income spent on child care for families living below the poverty line.

provided. Based on data in the National Survey of Early Care and Education, families with children under age 6 spend on average 20% of their household income on child care, and families with income below the federal poverty line spend 26% of their household income on child care.¹⁰

Child care affordability is a persistent problem many parents with young children face when searching for child care—both prior to and during the COVID-19 pandemic. In October 2019, a survey of parents with young children conducted by BPC found that 54% of parents said it was difficult to find quality child care within their budget. Many parents reported having to reduce spending on non-essential (75%) or everyday purchases (59%), or delayed or decreased money saved for emergencies (57%).¹¹

Lack of quality, stable, and affordable child care also impacted parents' ability to work. Two-thirds of parents reported needing to work more hours to afford child care, 30% said they had to reduce their hours and 20% had to leave their jobs entirely in order to afford child care expenses. Parents with annual incomes less than \$50,000 were more likely to report that finding affordable child care impacted their ability to stay in the workforce than those with higher incomes.¹²

The COVID-19 pandemic has exacerbated the child care challenges parents with young children are facing. Follow-up parent surveys conducted by BPC during the pandemic found that 44% of parents said they could not work in some form—either remotely or in-person—without child care, including 22% who said they could not work at all. For those who had searched for child care, more than half (54%) reported it was difficult to find child care that fits within their budget. This includes 72% of parents with annual incomes less than \$50,000, showing that the burden still sits heavily with lower income families.¹³ Furthermore, as the nation grapples with understanding child care affordability, 67% of parents reported that the maximum weekly amount they can afford for child care per child is less than \$200.¹⁴

Programs to help parents pay for child care are limited but can play a critical role in making quality care accessible to low- and moderate-income families. Depending on income and other factors, parents may receive assistance through their employers, federal or state tax credits, or publicly funded subsidies. Parents may also be able to access early learning programs that provide no-cost care for at least part of the day, including programs like Head Start, Early Head Start, and public prekindergarten.

“The maximum annual amount most parents can afford for child care is \$10,400—well below the cost of quality child care in many states, especially infant care.”

THE BUSINESS OF CHILD CARE

Providing child care is expensive. Providing high-quality child care is even more expensive. A center-based, high-quality child care program needs a safe facility that includes developmentally appropriate design elements, trained child care teachers and assistants, staff-to-child ratios that ensure all children get the attention they need, and a well-designed curriculum. Each of these components adds to the cost of providing care.

The high cost of providing child care far exceeds what many families can afford, meaning providers are forced to squeeze staff wages to keep their businesses afloat. The median hourly wage for child care workers is \$13.22.¹⁵ Across the country, more than half of child care workers, compared with 21% of the American workforce as a whole, were part of families enrolled in at least one of four public-support programs: (1) the federal Earned Income Tax Credit, (2) Medicaid and the Children's Health Insurance Program, (3) the Supplemental Nutrition Assistance Program, and (4) Temporary Assistance for Needy Families.¹⁶

The price of child care varies depending on the age of the child and geographic location.¹⁷ Care for infants and toddlers is the most expensive, with costs reaching \$24,000 in some areas of the country.¹⁸ States require a lower ratio of children to adults for infant care. Because providing care to infants and toddlers is more costly than providing care for older children, many child care providers rely on a mixed-age program to balance costs and expenses. In fact, recent efforts to expand public prekindergarten programs for 4-year-olds have created challenges for private providers who once balanced their costs by serving a mix of younger and older children.^{19,20}

BUSINESS AND EMPLOYER INVESTMENT IN CHILD CARE

Businesses are directly affected when employees cannot find child care, their child care fails, or is unreliable. A 2019 survey by ReadyNation found that more than half (54%) of parents with children under age 3 reported feeling distracted at work because of child care problems. ReadyNation also estimated that U.S. businesses lose approximately \$13 billion per year due to employees missing work, leaving work early, or leaving their job entirely for child care-related reasons.²¹ Replacing employees is expensive, both because of the cost of recruiting, hiring, and training new employees and because of the loss of the investment in the employee who leaves. These issues will continue to grow as workers have children later into their careers, making them more costly to replace.²²

Businesses have adopted different strategies to support workers with children. These include providing information about how to find child care, subsidizing

the cost of care, and providing child care on site. Some businesses have also implemented policies aimed at responding to certain child care emergencies that can cause parents to unexpectedly miss work, such as providing emergency child care through contracts with local providers or helping employees pay for a last-minute caregiver. However, these benefits are only available to a small percentage of employees. According to a report by the Society for Human Resource Management, just 2% of employers help employees pay for child care outside of a flexible spending account and just 3% subsidize the cost of child care at company-affiliated onsite or near-site child care center²³

From an employer's perspective, providing child care benefits can increase employee retention, productivity, and loyalty. The government also rewards businesses that provide child care assistance through the Employer-Provided Child Care Credit, a tax credit for businesses that directly pay the child care expenses for their employees.²⁴ The credit is for up to 25% of direct child care expenses up to \$150,000 per year.²⁵

See page 53 for more information on the Employer-Provided Child Care Credit.

PHILANTHROPIC INVESTMENT IN CHILD CARE

Philanthropy plays a critical role in supporting child care and early learning. In 2020, 162 funders granted about \$165.9 million across the United States.²⁶ The funds went to a variety of projects, including research, professional development for child care and early learning teachers, and capital and infrastructure projects. Overall, since 2006, private donations for child care initiatives and organizations have totaled about \$10 billion.²⁷ As data continue to underscore the positive returns to investment in child care and early learning—for children and parents, and for the economy at large—philanthropic entities are increasing their funding in this area and asserting a larger role in the early education community.

“Just 2% of employers help employees pay for child care outside of a flexible spending account and just 3% subsidize the cost of child care at company-affiliated onsite or near-site child care center.”

The Federal Role in Child Care

The federal government supports young children and their early learning in several ways: (1) by directly funding programs that have an explicit child care or early learning purpose; (2) by providing funds to states that can be used to provide child care; and (3) through tax expenditures that subsidize child care, such as the Child and Dependent Care Tax Credit.

CHILD CARE AND DEVELOPMENT FUND

See page 43 for more information on federal funding for child care.

The Child Care and Development Fund (CCDF) is the largest federal funding source for child care in the United States.²⁸ The CCDF consists of two federal funding streams: (1) discretionary funding authorized by the Child Care and Development Block Grant (CCDBG) Act, subject to annual appropriation; and (2) an entitlement portion of mandatory and matching funds made available under

Section 418 of the Social Security Act. For administrative purposes, the funds are referred to as the “Child Care and Development Fund” and administered as a single program by the Office of Child Care in the Administration for Children and Families in the U.S. Department of Health and Human Services (HHS).²⁹ However, CCDF is not a term established in statute or regularly used outside of the federal government. Therefore, people often refer to the entire program as the “Child Care and Development Block Grant” or just “CCDBG.”

The government awards CCDF funds to states, territories, and tribes to help low-income working parents pay for child care so they can work or attend school or job training. States, territories, and tribes must also invest some of their CCDF awards in activities that improve the quality of child care. These quality investments go beyond the subsidy system and improve the quality of child care for all families.³⁰

HHS allocates each of the funding streams in a different manner:³¹

Discretionary Fund

HHS allocates the CCDBG based on a formula focused on three components: (1) the number of children under age 5, (2) the number who qualify for the National School Lunch Program^a, and (3) per capita income. The funds are subject to annual appropriations. CCDBG funds are 100% federal and do not require states to spend any of their own funds to access them.

Mandatory Fund

HHS allocates the fund—also known as the Child Care Entitlement (CCE)—based on the federal share of expenditures in the state IV-A child care programs (such as the Aid to Families with Dependent Children program, the Job Opportunities and Basic Skills Training program, transitional programs, and at-risk programs) in 1994 or 1995 (whichever is larger), or the average federal share in these programs for 1992 to 1994. This allocation amount does not change from year to year, and states do not have to spend any of their own funds to access their mandatory awards.

Matching Fund

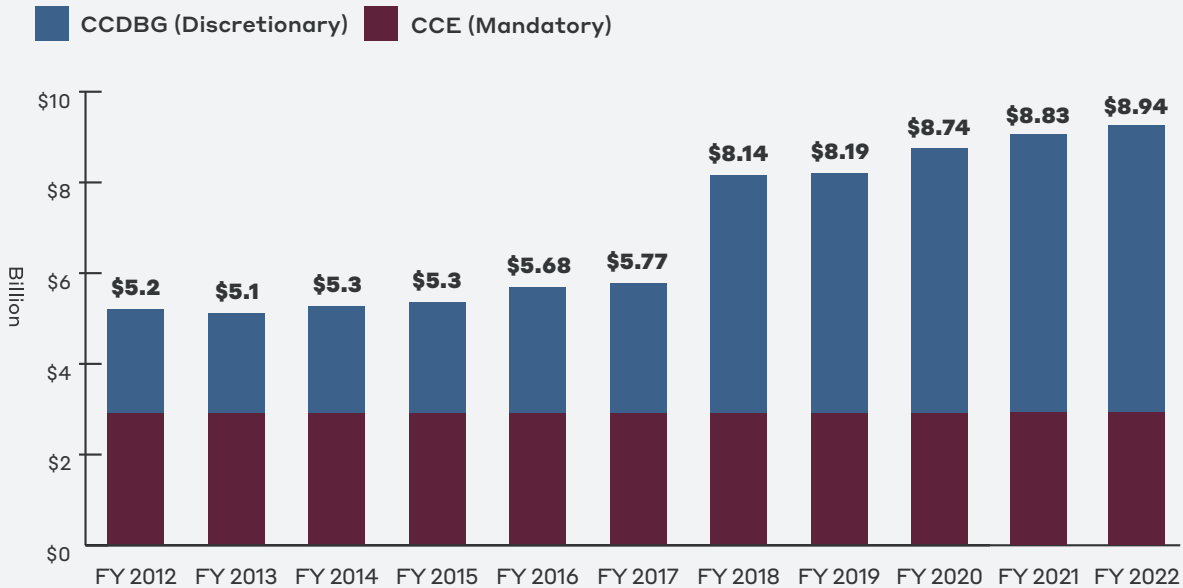
HHS allocates the fund based on the number of children under age 13 in a given state. In order to access their full award, states must put in their own funds, called matching funds. The amount that states must invest is based on their applicable Federal Medical Assistance Percentage (FMAP) rate. Matching funds are not subject to annual appropriations.

The federal government sets certain requirements around eligibility, health and safety training, consumer education, and spending allocations, but states, territories, and tribes have significant flexibility in how they administer the program. For example, the federal government limits eligibility to families making below 85% of the state median income, but many states set their eligibility threshold below the federal limit. Because of funding constraints, states often have to make tough choices about how much to pay child care providers and where to set the income limit for eligibility.

^a The National School Lunch Program is a federally-assisted meal program operating in public and nonprofit private schools and residential child care institutions. It provides nutritionally balanced, low-cost or free lunches to children each school day. The percentage of students eligible or receiving free or reduced price lunch is often used as a proxy for the percentage of students living in poverty.

CCDF by the Numbers

CCDF Appropriations in Billions (FY 2012-2022)³²



Supplemental Child Care Funding During COVID-19

2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act
CCDBG Supplemental³³

\$3.4 billion

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)³⁴

\$10 billion

American Rescue Plan³⁵

CCDBG

\$14.99 billion

Child Care Stabilization Funding

\$23.975 billion

Estimate of eligible children served by CCDF (FY2017)³⁶

Number eligible under federal rules:

13.5 million

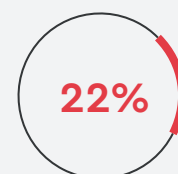
Number eligible under state rules:

8.7 million

Percentages of eligible children served under:



Federal Rules

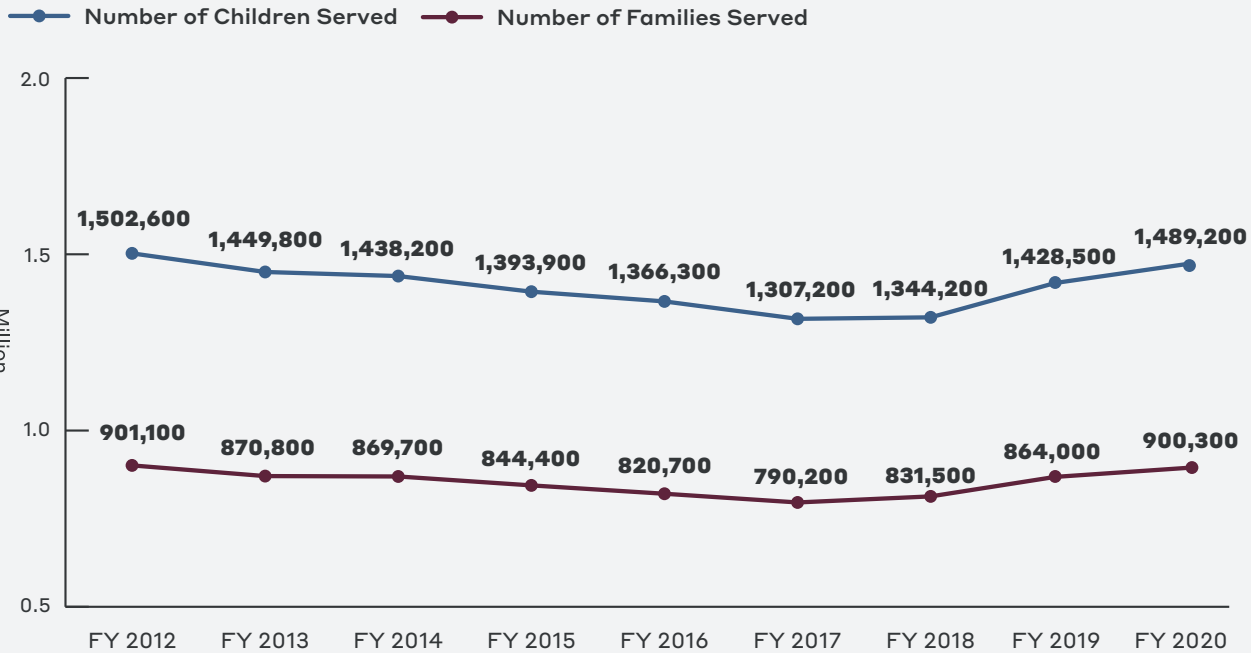


State Rules

CCDF preliminary estimate number of child care providers receiving CCDF funds (FY 2020)³⁷

In child's home:	Family child care home:	Center:	Total:
32,507	132,554	76,662	231,723

Average Monthly Adjusted Number of Families and Children Served (FY 2012-2020)³⁸



CCDF Preliminary Estimate Average Monthly Subsidy by Age (2020)³⁹

Age Group	Monthly Averages	Annualized
Infant/toddler (birth to 3)	\$698	\$8,376
Preschool (ages 3 to 4)	\$594	\$7,128
5-year-olds	\$519	\$6,228
School-age (ages 6 to 13+)	\$438	\$5,256
National	\$556	\$6,672

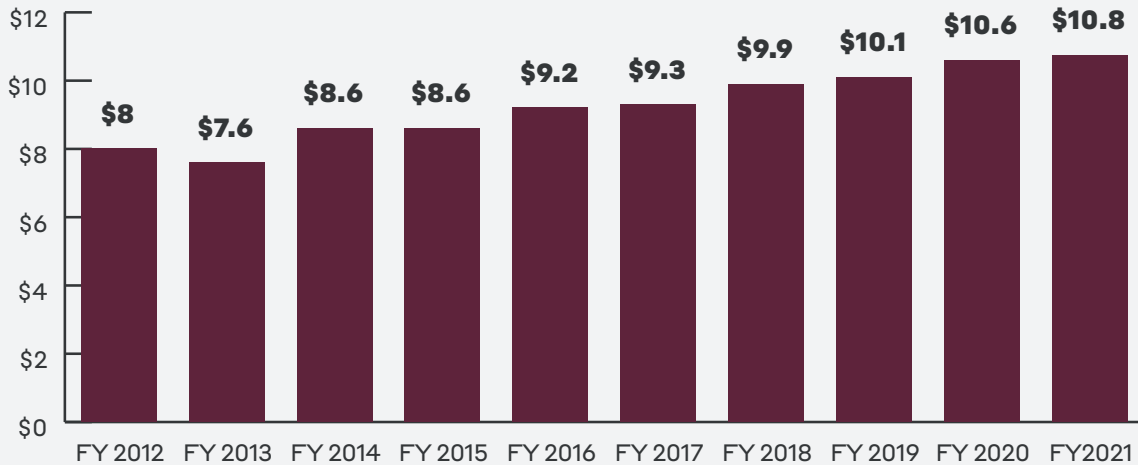
HEAD START AND EARLY HEAD START

The federal government also funds child care and early learning through the Head Start program, which includes Early Head Start and Early Head Start-Child Care Partnerships.⁴⁰ The Office of Head Start (OHS) in ACF within HHS provides grants to local community organizations to implement Head Start (for 3- and 4-year-olds) and Early Head Start (for infants and toddlers). OHS administers funding and oversees the 1,600 public, non-profit, and for-profit agencies that provide Head Start and Early Head Start services.⁴¹ The federal government distributes Head Start funds directly to programs at the local level through grants and partnerships, bypassing the state. Unlike Head Start, Early Head Start and Early Head Start-Child Care Partnerships (also for infants and toddlers) grants are awarded to local community organizations and states.⁴² While the state role in Head Start is minimal, each state has a Head Start Collaboration Office to facilitate partnerships between Head Start and the other state entities and programs that serve low-income children and their families.⁴³ Additionally, the Improving Head Start for School Readiness Act of 2007 requires states to designate or establish a state advisory council that is responsible for promoting coordination and collaboration among the wide range of early childhood programs and services at the state level.⁴⁴



Head Start and Early Head Start by the Numbers

Head Start, including Early Head Start and Early Head Start-Child Care Partnership Appropriations, in Billions (FY 2012-2021)⁴⁵



Number of Children Served in Head Start and Early Head Start⁴⁶

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Head Start	946,011	932,164	885,410	897,710	857,198	820,578	790,344	775,370
Early Head Start	151,342	150,100	145,308	158,558	195,673	209,918	224,505	230,601
Total	1,097,353	1,082,264	1,030,718	1,056,268	1,052,871	1,300,496	1,014,849	1,005,971

Number of Head Start and Early Head Start programs (2019)⁴⁷

Head Start:	Early Head Start:	Migrant and Seasonal Head Start:
1,614	1,543	38
Migrant and Seasonal Early Head Start:	American Indian/Alaska Native Head Start:	American Indian/Alaska Native Early Head Start:
26	143	84

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The Temporary Assistance for Needy Families program, or TANF, is one of the primary federal programs intended to create a safety net around low-income families, supporting them on their path toward self-sufficiency. TANF is also the second largest source of public funding for child care in our country, but is often overlooked in policy discussions about how to best support working parents with young children.⁴⁸

For more information on the TANF program, see page 56.

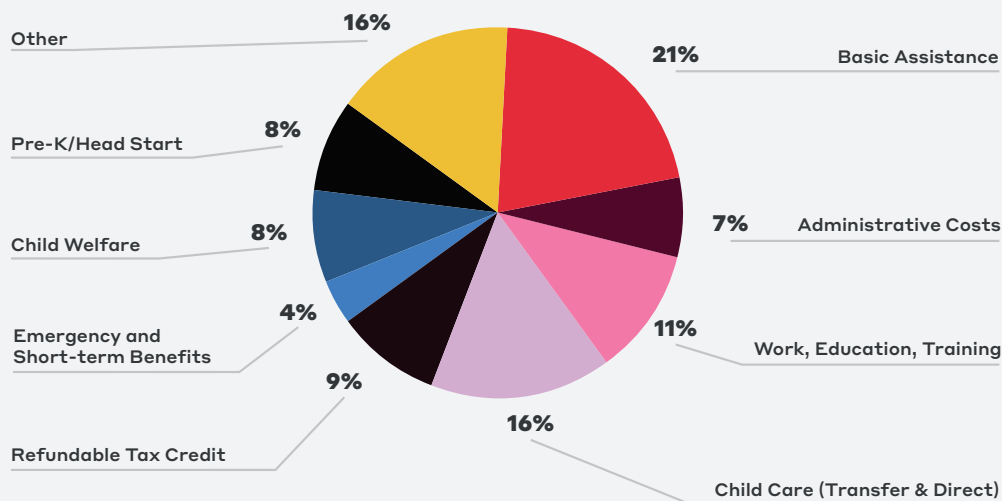
States officials may transfer up to 30% of their federal TANF funds to the CCDF to increase the amount of funding that provides child care subsidies to low-income families under that program. Funds transferred from TANF to CCDF are subject to the same rules and reporting requirements as CCDF, helping to ensure children are served in child care programs that meet the minimum health and safety requirements

established under CCDF. Separate from CCDF, states may allocate any amount of their federal TANF funds directly to child care services, including pre-K and Head Start. Expenditures in this category are not subject to the minimum health and safety standards required by CCDF. States, therefore, may have multiple sets of child care program rules, regulations, and requirements.

In fiscal year 2019, states contributed over \$5 billion of their \$31 billion in total TANF funds to help families access and afford child care.⁴⁹

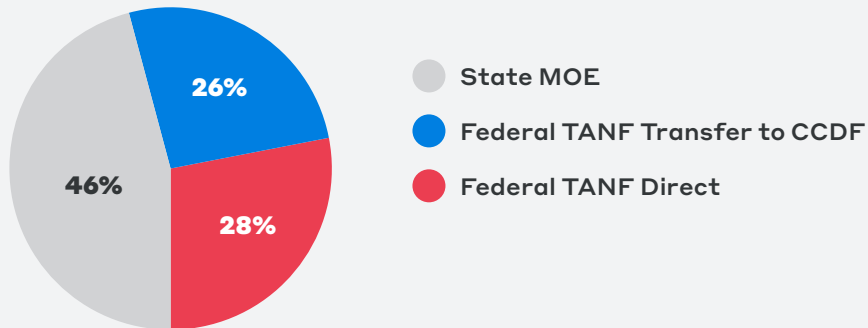
TANF by the Numbers

FY 2019 Use of TANF and MOE Funds as a Percentage of Total Federal TANF and State MOE Funding⁵⁰

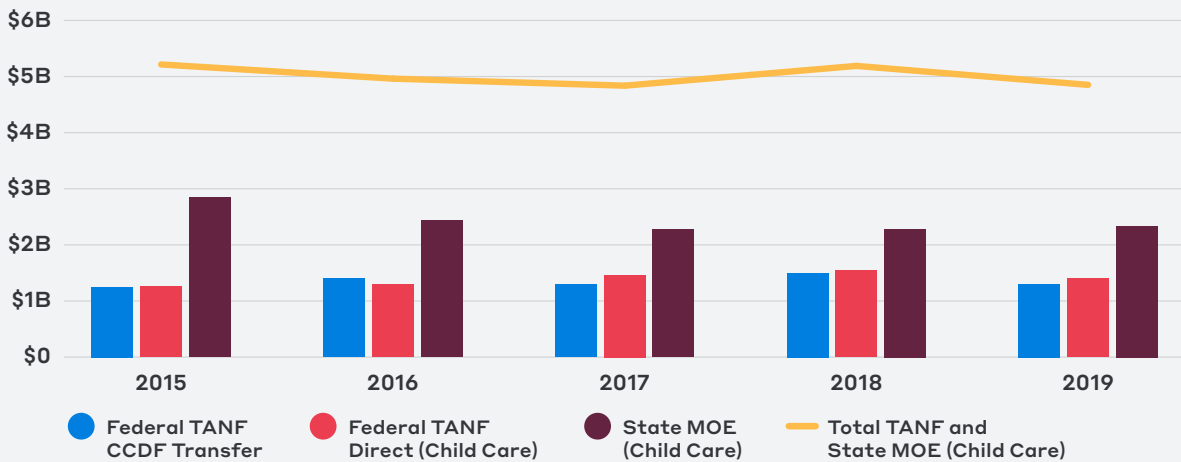


TANF By the Numbers⁵¹

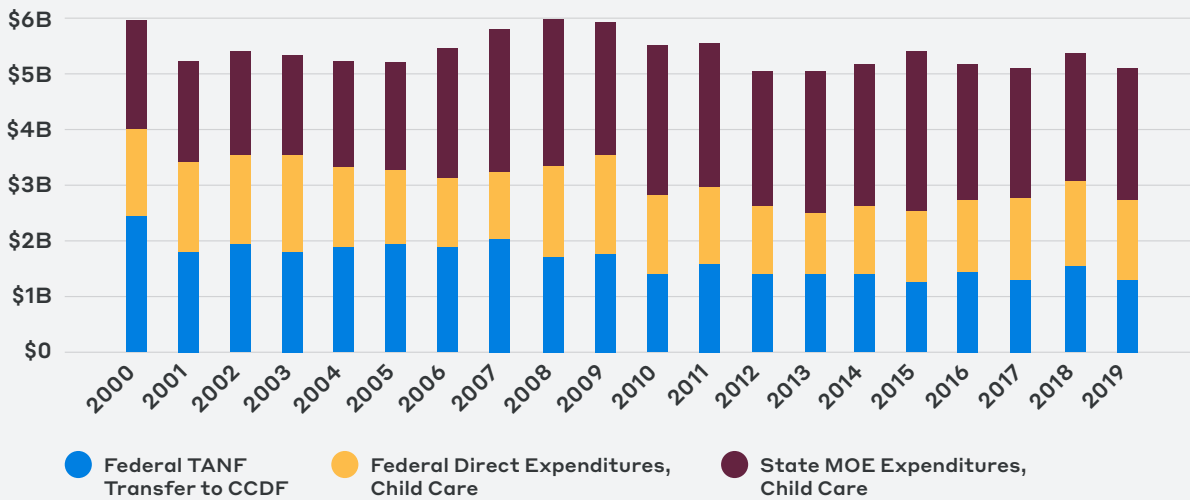
TANF Child Care Spending, 2019



5-Year TANF Spending Trends on Child Care



Total TANF Funding on Child Care 2000-2019



OTHER FEDERAL PROGRAMS THAT SUPPORT CHILD CARE

While most federal funding for child care and early learning comes from CCDF, Head Start, and TANF, many other programs provide funding to support young children and their families. This section summarizes additional federal programs that the U.S. Government Accountability Office identified in a 2017 report as having an explicit child care or early learning purpose.⁵²

Preschool Grants for Children with Disabilities (IDEA, Part B, Section 619)

Preschool Grants for Children with Disabilities is a program established under the Individuals with Disabilities Education Act (IDEA) Part B, Section 619.⁵³ It is administered by the Office of Special Education Programs within the U.S. Department of Education (ED) and provides grants to states to meet the needs of children ages 3 to 5 with disabilities. The funding level for FY2022 totals \$410 million.⁵⁴

Early Intervention for Infants and Toddlers with Disabilities (IDEA, Part C)

Early Intervention for Infants and Toddlers with Disabilities is a program established under Part C of IDEA.⁵⁵ The Office of Special Education Programs within ED administers the initiative and provides funds to states to support early intervention services for infants and toddlers. States set eligibility criteria for participation in this program in order to support children with developmental delays or disabilities. The funding level for FY2022 totals \$496 million.⁵⁶

Child Care Access Means Parents in School

Child Care Access Means Parents in School (CCAMPIS) is authorized under the Higher Education Act and is administered by the Office of Postsecondary Education in ED. The program supports low-income parents who pursue postsecondary education by providing campus-based child care services.⁵⁷ The funding level for FY2021 totals \$55 million.⁵⁸

Preschool Development Grants Birth through Five

Legislators authorized Preschool Development Grants Birth through Five (PDG B-5) in the Every Student Succeeds Act of 2015.⁵⁹ HHS and ED jointly administer the program. PDG B-5 strengthens state and local efforts to build, develop, and expand high-quality preschool programs so that more children from low- and moderate-income families enter kindergarten ready to succeed in school. The funding level for FY2021 totals \$275 million.⁶⁰

The State Role in Child Care

Most public funding for child care and early learning programs comes from the federal government. States have flexibility, within certain parameters, to determine how to use the funds. Specifically, states decide who is eligible for assistance and how much to pay child care providers. To access their full share of federal child care resources, states must invest some of their own funds under so-called match and maintenance-of-effort (MOE) requirements.⁶¹ For FY 2019, the required state match for CCDF was \$1.24 billion and the required MOE was \$888 million.⁶² States may also meet TANF MOE requirements through state early childhood investments.⁶³ In FY2019, 44 states and the District of Columbia reported an aggregate of \$2.3 billion was spent on child care services that counted towards their TANF MOE.^{b,64}

The largest share of state-directed investment in child care and early learning investments is usually in public prekindergarten programs. Over the last two decades, states have increasingly committed to offering public prekindergarten. Reflecting this trend, state spending on prekindergarten increased from \$2.4 billion in 2002 to \$9.4 billion in FY2019.⁶⁵ Nationwide, 44 states and the District of Columbia operate public prekindergarten programs, which predominately serve 4-year-olds.⁶⁶ Specifically, 1.15 million 4-year-olds and 187,000 3-year-olds were served in FY2021.⁶⁷

“Nationwide, 44 states and the District of Columbia operate public prekindergarten programs, which predominately serve 4-year-olds.”

States determine all aspects of their public prekindergarten programs including per-pupil spending, teacher salaries, family eligibility, classroom quality, professional development requirements, program locations and settings, and other parameters. Thus, there is wide variation in the design and implementation of state prekindergarten programs.

^b States may use the same funds to meet TANF MOE and CCDF MOE requirements, up to the required CCDF MOE amount. Therefore, this figure likely overestimates total state spending on child care. If one assumes that all CCDF MOE funds are double-counted to meet TANF MOE requirements, the actual additional child care funding from TANF MOE was about \$1.4 billion in FY 2019.

Conclusion

Even a brief review provides a sense of the complexity of the current market for child care and early education in the United States and of the variety of different funding sources and entities that are active in this space. Despite wide acknowledgement of the importance of high-quality care and learning opportunities for young children, and despite increased public, private, and philanthropic investment to expand access to these opportunities, the reality is that available resources still fall far short of the need. As a result, millions of low- and middle-income families continue to struggle to find affordable, reliable child care, and millions of children spend developmentally crucial years in care environments that fall short of providing optimal conditions for them to thrive cognitively and emotionally. Few policy challenges are simultaneously more daunting and more important for the nation's long-term well-being than finding effective, scalable solutions to close this gap and ensure that all of America's children receive safe, nurturing, high-quality care in the earliest years of life.

Tips and Guides for Building Bipartisan Support

Messaging to Conservatives and Liberals

In 2018, the Bipartisan Policy Center partnered with Luntz Global to survey conservative and liberal viewpoints on child care and early learning.⁶⁸ The survey found that Americans across the political spectrum support funding child care and early learning initiatives.^{69,70} However, different political leanings respond to different approaches. For liberals, addressing the problem means ensuring access for all families, whereas conservatives focus on solutions that involve increasing parental involvement and faith-based connections. Despite these differences, crafting the right message and using targeted language can reach specific audiences- and even skeptics.

FRAMING THE CONVERSATION

When communicating to conservatives and liberals alike, certain terms and phrases work, while others do not. Specifically, the term **universal** does not work for conservatives or low-income families to describe an early learning program that would be available to all children, free of charge. However, both conservatives and liberals are receptive to the phrase **equal access**.

Conservatives are primarily concerned not about tax increases, but about government overreach. Conservatives worry that increased governmental involvement replaces interaction between parents and children and that the government will begin teaching values—a role they assign uniquely to parents. Liberals, on the other hand, believe responsibility for the problem lies with the federal government, but they are concerned the government will inefficiently and ineffectively manage the programs.

Both conservatives and liberals agree that:

Too many families are struggling. The cost of everyday life—including child care—is too expensive in this country. Moms and dads must work a second or third job just to make ends meet. And that means they're spending less and less time interacting with their children. Parents need more time with their children to teach fundamental values. Not less.

THEMES THAT WORK

Growth and Success

Talking about growth and success works. It is not about school readiness or improving long-term academic success; it is about preparing children to learn, grow, and succeed.

Child-Focused Messaging

Keep the message child-focused. Frame the issues around the impacts on children. Audiences may be less receptive to arguments focused on parents or the workforce.

An Equal Opportunity

Most Americans believe every child deserves an equal opportunity to a quality early childhood education. The term equal is strongly preferred over real or fair.

Every Family

Keep messages focused on programs for every family. Conservatives and liberals alike are receptive to designing high-quality learning programs for every family. Conservatives are also receptive to programs for hardworking families, while nearly half of liberals responded to struggling families.

Keep Messages Positive

For conservatives, making an argument for closing the achievement gap does not work. To reach conservatives, reframe the message using positive language.

Putting It All Together

Words that work: Every child deserves an equal opportunity to a quality educational foundation that will prepare them to grow, learn, and succeed.

21 Words for the 21st Century

Americans respond better to specific words and phrases, such as **equal access** and **efficient and effective** programs. Consider these terms when crafting a message:

- Every Family
- Equal (instead of “Fair”)
- An American Issue
- Learn. Grow. Succeed.
- Prepare/Preparing
- Kid-/Child-Focused
- Efficient and Effective
- Parental Involvement
- Educators (not “Instructors”)
- Healthy
- All Children
- Choice/You Decide
- Deserve
- Future-Focused
- Inclusive
- Family Leave (instead of “Parental Leave”)
- Accountable/Accountability
- Achieve Potential
- Opportunity
- Faith-Based (for Conservatives)
- Strong/Solid/Quality Foundation

Talking Points for Making the Case for Child Care

COMMUNICATING THE SCIENCE OF EARLY CHILDHOOD DEVELOPMENT

- Avoid talking about the “achievement gap,” which many see as divisive and negative. Instead, focus on the positive.
Early childhood programs provide a foundation for educational success for all children.
- Discuss a child’s “growth and success” instead of “school readiness.”
Early childhood education prepares children to learn, grow, and succeed. You only get one chance at childhood. You only get one chance at learning the fundamentals—how to count, how to talk, how to think.
- Discuss programs with flexibility for “every family” in mind.
Child care and early learning programs should help every family.
- Discuss opportunities as “equal” instead of “fair” or “real.”
Every child deserves an equal opportunity at a quality early childhood education.

COMMUNICATING HOW THE MARKET-BASED, MIXED-DELIVERY SYSTEM SUPPORTS PARENTAL CHOICE

- Communicate that parents are ultimately responsible for their child’s upbringing.
Families are the building blocks of society. Parents are their child’s first and most important teacher.
- Discuss the impacts of parental choice and involvement.
Parents know what’s best for their children. That means greater parental leadership in the development of early childhood programs and autonomy in the selection of early child care providers, both of which allow parents maximum choice in deciding what is best for their family.
- Communicate the benefits of child care for children and families.
You only get one chance at childhood. You only get one chance at learning the fundamentals—how to count, how to talk, how to think. And parents get one chance to put their children on the path to success in education, society, and life.

COMMUNICATING THE ECONOMIC IMPACT OF CHILD CARE

- Discuss the positive financial impact on all families.
With options for affordable child care, families have the freedom to stay in or return to the labor force or to seek the education they need to further their careers. This increases the economic and general well-being of families and can help them lift themselves out of poverty.
- Communicate that child care helps America's economy stay competitive in the global market.
By providing high-quality child care, the nation creates higher-quality and more effective workers, making the country better prepared for a competitive global economy.
- Identify economic benefits, particularly local examples, with spillover to additional community benefits and local businesses.
Child care is an entirely local business operation. By investing locally, you can help create stronger and more prosperous communities.
- Communicate that investing in child care helps local economies prosper.
Higher education and wages allow for more spending and help drive local economic and job growth.

COMMUNICATING THE ROLE OF CHILD CARE IN STRENGTHENING FAMILIES

- Clarify that child care programs and initiatives are not a substitute for the parents' involvement but a partnership with them and their children.
Early childhood initiatives are a partnership with the family, rather than a substitute. Child care opens up the opportunity to meet new families and helps provide links to health and financial resources.
- Communicate the benefits of child care for families, including for their employment and long-term economic outcomes.
Access to child care allows parents the freedom to stay in the labor market, increasing overall lifetime wages that aid the entire family. In addition, parents have more time to be with their children and instill the values and skills they view as important.
- Focus on long-term benefits for their children, grandchildren, and great-grandchildren.
Greater accessibility to high-quality early learning and child care will benefit future generations by increasing regional economic growth, providing access to higher-salary jobs, and reducing government welfare dependency.

Convening a Bipartisan Coalition

Are you interested in building or broadening a coalition around child care and early learning in your community or state? Do you need to build support for specific goals or policies, and need to speak with a range of stakeholders, but don't know where to start? Below is a guide to get you started.

IDENTIFYING THE GOALS

The first step is identifying what you want to accomplish.

- What is the issue, policy, and outcome you are looking to address or influence?
- What is standing in the way of achieving this vision?
- What will your message be?

IDENTIFYING POSSIBLE COALITION MEMBERS

The second step is identifying the existing actors and their roles. Who is missing from the conversation but could be helpful to your efforts? It is important to get the widest range of individuals possible on board.

Policymakers and agency officials:

- U.S. senators and representatives
- State senators, representatives, and delegates
- Governors and their policy staff
- Mayors, county officials, community leaders
- Members on relevant committees, caucuses
- Federal and state agency officials
- Family-service agency officials

Local stakeholders and organizations:

- Faith leaders
- Business leaders
- Parents and parent groups
- Schools and child care providers
- Teachers and early educators
- Police, fire, and similar groups
- Court system, juvenile justice system, etc.
- Local investors or philanthropy

Questions to consider while planning:

- Who in these lists are currently involved and active in this policy area? What are their roles?
- Who are opponents of your goals—and why are they opposed?
- What is the perspective of each official, organization, or stakeholder involved? Is it helpful?
- Who is the most influential voice in this policy area? How can they support your goals?
- Who is currently not involved and active in this policy area? For each, assess:
 - Could they be a helpful addition?
 - What would their role be?
 - Who will reach out to them to get them involved?

ENSURING A COMMON UNDERSTANDING OF THE ISSUE

After identifying members of the coalition, establish a common understanding of the issue in preparation for any meetings or discussions.

- What is each member's baseline knowledge?
- What background materials would prepare stakeholders for the discussion?
- Have you given stakeholders enough time to review background materials before any convenings?
- Have you provided contact information and opportunities for members to discuss questions and concerns before the group discussion?

CONVENING COALITION MEMBERS

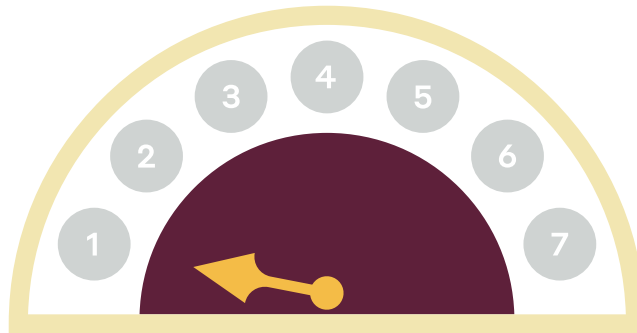
Finally, bring the coalition members together to discuss goals and to develop a shared vision and process for reaching such goals.

- What is our shared goal?
- What is a general timeline?
- Who can make our vision a reality, and who do we need to convince?
- How will we communicate our goals and vision to such individuals?
- Who will communicate it? When will they communicate it? In what format?
- What materials are necessary to support these communications?
- How can the coalition use individual member strengths to reach these individuals?
- What ongoing communication will the coalition have as these activities progress?
- How can the group stay flexible to changing circumstances while staying on track?

Engaging Policymakers

THE CHILD CARE ELEVATOR SPEECH

You find yourself in a situation where you have a short window of time to introduce yourself to an influential individual to discuss the importance of child care. How can you make the most effective and impactful use of your time? Tailor the format below to your time line—30 seconds to several minutes.



1. Introduce yourself.

2. Identify the problem.

3. Identify the solution.

4. Explain specifically and clearly how the individual can help.

5. Ask for a follow-up meeting and offer to be of assistance.

6. Leave behind your contact information (business card).

7. Follow up with a thank you and resources.

THE CHILD CARE MEETING FORMAT

You have successfully scheduled a meeting with someone who can influence child care policy. How do you format the meeting?

Before the meeting: Do your research on who you are talking to. Are they familiar with early childhood topics, or will you need to provide a basic overview? Have you met with them before, or do you have a personal connection you could bring up? What have they done in the past on this or other related topics you could discuss? Are they a supporter, or do they need to be convinced; what arguments or talking points will work best? Let your agenda reflect these realities, and ensure your talking points target what messages will resonate with them. Make sure to speak in general terms; do not assume they understand the jargon and acronyms the field recognizes.

During the meeting:

- Thank them for their time.
- Introduce yourself and your organization.
- Briefly explain why you requested the meeting.
- Review your priorities, the need, and your requests.
- Engage the policymaker on matters related to their priorities.
- Tell a story that connects your priorities, the policymaker's priorities or personal history, and your request.
- Ask if they have any questions you can help with.
- Offer to be a resource and ask to stay in touch.
- Offer to host the policymaker and staff at a site visit or at another in-person opportunity.
- Thank everyone in the room and leave printed materials behind.

After the meeting: Continue to cultivate the relationship. Send a follow-up email thanking them for their time and providing any requested details. Reach out when relevant information becomes available or with any opportunities to attend meetings or events that connect your priorities to the policymaker's interests or questions.

Site-visit invitations: If you invited the policymaker for a district site visit at a child care center or other early learning program, follow up on this to make it a reality. These visits are a wonderful way to get policymakers interested in your priorities and to understand how the programs work on the ground and impact families in their district or service area.

Diving Deeper: Understanding Child Care Funding

History of Federal Funding for Child Care and Early Learning

For more than 80 years, the federal government has invested in child care and early education programs to help parents work and children succeed. Over time, these programs have varied in intent, scope, and design, and have evolved in response to changes such as the influx of women in the workforce, a greater understanding of childhood brain development, and developments in societal beliefs and values around the social safety net. Federal early childhood programs are often viewed as a patchwork of solutions which have emerged in reaction to these changes and are still evolving today.

1933

Early iterations of federal child care programs were targeted as a form of work support with less emphasis on childhood development.

For instance, the first federal investment in child care was made in 1933 in response to the Great Depression. Thousands of government-paid jobs were provided by the Works Progress Administration (WPA) to help those rendered unemployed, and the Emergency Nursery School Program provided child care for the children of WPA program participants.

Because of the widespread economic impact of the depression, a broad section of the population was eligible for the Emergency Nursery School Program and it served each year between 44,000 and 72,000 children ages 2 to 5.⁷¹

1935

In 1935, the Aid to Dependent Children (ADC) program was included in the New Deal.⁷² The ADC began as a state-administered cash assistance program to support single mothers by allowing them to stay home and care for their

children. Over time, especially during World War II, women's participation in the labor force was critical and the need for child care for these working mothers became apparent. These federal programs quickly shifted and were cobbled together to support working mothers.

1940

In 1940, the Lanham Act authorized funding for child care facilities for children of mothers working in defense and defense-related industries. Under this program, subsidies were provided for all children, regardless of family income, to help communities care for children while mothers were assisting with the war effort.⁷³ Over the next 25 years, the ADC evolved into a broader welfare program targeted toward low- or no-income families (and re-named Aid to Families with Dependent Children, or AFDC).

1965

Following World War II, attitudes around child care began to shift, in part due to the emerging research on the importance of a child's early years and building off of the success of earlier programs.⁷⁴

In 1965, then-President Lyndon Johnson established the Head Start program as a part of his War on Poverty initiative, predicated on the belief that early education could have a substantial impact on low-income children's later success. The program began as a national school readiness program for 4-year-olds from low-income families, and while it has evolved and expanded over time, the goals to improve school readiness have remained. Grants are given directly from the federal government to local Head Start grantees, who offer a range of comprehensive services to support school readiness and strengthen families. In 1994, the Early Head Start program was created to support low-income pregnant women, infants, and toddlers up to age three, ensuring the program could serve a continuum of children ages birth through five.

1974

As the number of women in the workforce continued to grow, the national conversation expanded around how to enable mothers to work as well as support children's development.

In 1974, Title XX of the Social Services Amendments allocated \$2.5 billion for services to promote adult self-sufficiency, including through child care. This program eventually became the Social Services Block Grant. Several other programs including the AFDC Child Care Guarantee, the At-Risk Child Care program, and the Transitional Child Care program, were implemented under

Title IV-A of the Social Security Act. These initiatives were all created to help support parents in the workforce through child care, and continued to promote child care as a form of work support.

1980s

By the late 1980s, over half of mothers with children under 6 years old were in the workforce.

Sweeping changes to federal funding for early childhood began to take place. In 1990, the Child Care and Development Block Grant (CCDBG) program was developed to provide child care subsidies to working families with incomes too high to receive AFDC support.⁷⁵ While most regulatory aspects were left to states, the CCDBG required states to spend a portion of their funds on quality improvement activities.

Under CCDBG, states:

- 1** Set eligibility requirements
- 2** Conduct monitoring and health and safety inspections
- 3** Disburse subsidies to families who use them at the provider of their choice

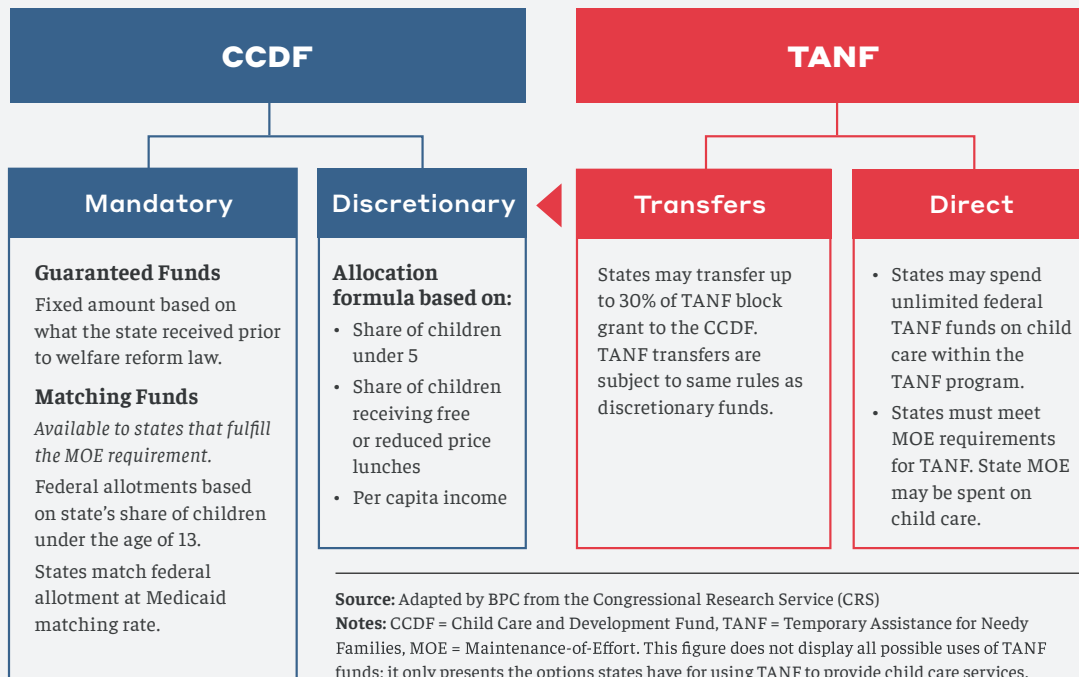
1988

Public support for welfare reform was wide, and in 1988, a new law required most welfare recipients, including mothers with young children, to be working or participating in education or training—a significant shift in how eligibility would be calculated.

1996

Building on this change in public sentiment, in 1996, then-President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law, which brought sweeping welfare reforms to the nation. It replaced the AFDC with the Temporary Assistance for Needy Families (TANF) program, which now provides cash assistance and social services, including child care subsidies, to low-income families.⁷⁶

CCDF AND TANF CHILD CARE FUNDING STREAMS⁷⁷

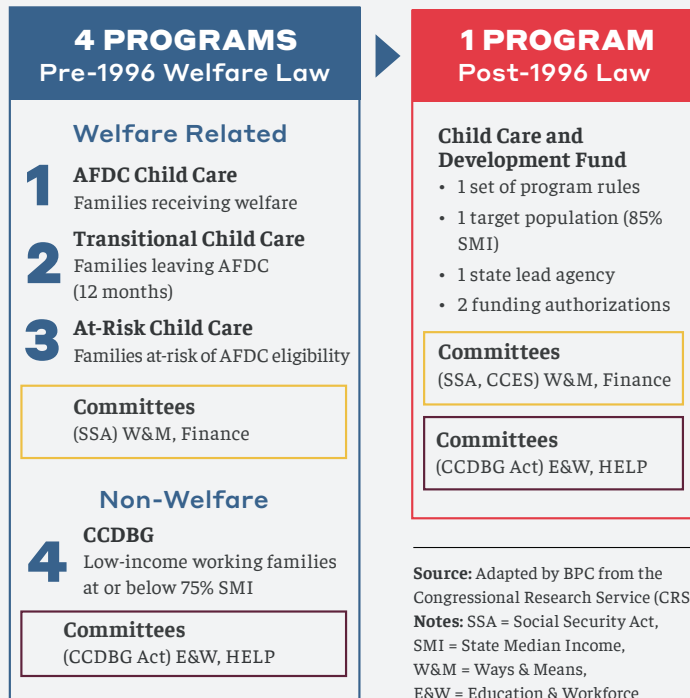


2007

In 2007, then-President George W. Bush signed the Improving Head Start for School Readiness Act of 2007 into law, which included significant changes to the program. Most notably, the law moved away from the previous practice of giving Head Start grantees awards with no end dates and instituted a five-year designation period.⁷⁸ After five years, the grantee must show it is delivering high-quality, comprehensive services. If it does not meet that requirement, the grant is opened for re-competition. This process is known as the Designation Renewal System.

Today, states may transfer up to 30% of TANF funding to CCDBG and may also choose to spend TANF funds directly on child care.

LEGISLATIVE EVOLUTION OF THE CCDF⁷⁹



PRWORA reformed the CCDBG program and combined the AFDC child care programs to create the Child Care Entitlement to States (CCES). The CCES provides mandatory child care funding for states and tribes and must be integrated with and spent following CCDBG requirements.⁸⁰ When combined, the funds are called the Child Care and Development Fund (CCDF), which is the largest source of federal funding dedicated to helping low-income, working families access child care.⁸¹ The evolution of these programs, as illustrated by this figure, are the basis of current federal funding streams for child care.

Source: Adapted by BPC from the Congressional Research Service (CRS)
Notes: SSA = Social Security Act, SMI = State Median Income, W&M = Ways & Means, E&W = Education & Workforce

Public perception of the purpose of federally funded child care has undergone a major shift. Over the last two decades, a better understanding of children's brain development and research into the quality of a child's early experiences has led to bipartisan interest in early childhood programs to improve a child's outcomes later in life.



2014

In 2014, CCDBG was reauthorized and included new requirements to improve health and safety of child care programs and better support stability for families and child care providers. Also, in 2014, Congress appropriated funds for the Early Head Start-Child Care Partnership program which provides grants to Early Head Start programs and child care providers who work together to improve the quality of care for infants and toddlers.⁸² These changes to these monumental early childhood programs have revitalized a commitment to fostering quality early childhood development.

2018

As support for these programs has grown, so has their funding, both at the federal and state levels.

CCDF Program

In 2018, Congress increased funding for the CCDF program by \$2.4 billion to \$8.1 billion, the largest-ever single-year increase, and an increase from \$4.9 billion in 2008.⁸³ In FY2018, CCDF served an average of 1.3 million children and 813,200 families each month.⁸⁴

Head Start Programs

Similarly, Head Start saw an increase from \$6.8 to \$10.6 billion over those 10 years. In 2018, Head Start and Early Head Start programs served over 1 million children from birth to 5 years old⁸⁵ and their families across the country.

2020

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This relief package included \$3.5 billion in emergency funding for CCDBG to help states provide child care assistance to frontline workers and stabilize the child care market. Following this, in December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) was signed into law, which provided an additional \$10 billion to support the stability of the child care sector and provide relief to working parents.

The American Rescue Plan Act of 2021 was signed into law in March 2021. The ARP includes multiple provisions to address the fragility of the child care market and challenges facing working parents during the pandemic, including \$14.99 billion in emergency relief to states through CCDBG and \$23.975 billion for a new child care stabilization grant program. The ARP also includes an annual increase of \$633 million to CCES for a total annual allocation of \$3.55 billion. This represents the first increase to CCES since FY2006.

Competitive Grant Programs

In recent years, several competitive grant programs have been created to encourage better coordination of existing early childhood programs, to combat the patchwork approach. Due to their competitive nature, not all states apply for, let-alone receive, these grants.

Race to the Top-Early Learning Challenge

The Race to the Top-Early Learning Challenge provided competitive grants to 20 states between 2011 and 2013 aimed at improving the quality and integration of early learning programs and increase the number of low-income children in high-quality settings.⁸⁶

Preschool Development Grants

Between 2014 and 2018, the Preschool Development Grants (PDGs) were administered by the Department of Education and provided funding to 18 states to improve their capacity to develop, enhance, or expand high-quality preschool programs.⁸⁷ The passage of the Every Student Succeeds Act of 2015 established a new version of PDGs, administered by the Department of Health and Human Services. The new version is known as Preschool Development Grant Birth through Five (PDG B-5) and is designed to improve states' early childhood systems by coordinating and building on existing programs.⁸⁸

Over the course of their tenure, this patchwork of federally funded child care programs has slowly evolved into a broader network of programs, which support the dual purposes of helping parents work and supporting children's development.

Federal Funding for Child Care

Child care is an essential piece of the foundation for a thriving economy and for healthy families—providing developmentally appropriate care so children can learn and grow and so parents can work. Though child care is essential, the high cost of quality care can be a barrier for many families, leaving parents out of the workforce and children without the strong foundation they need for success in school and life. The Child Care and Development Fund (CCDF) is the country’s largest federal funding stream dedicated to helping low-income families access and afford high-quality child care. The following is an overview of how CCDF functions.

Funding Sources. CCDF is comprised of two funding sources: (1) the Child Care and Development Block Grant (CCDBG) and (2) the Social Security Act’s Child Care Entitlement to States (CCES). CCDBG funds are discretionary, meaning they are subject to annual appropriations by Congress and therefore fluctuate annually. Funds from CCES are mandatory, meaning funds, are automatically provided without the need for congressional action. Between fiscal years 2005 and 2019 CCES was funded at \$2.9 billion annually. Funding increased to \$3.55 billion annual in fiscal years 2020 and 2021 due to the COVID-19 pandemic.⁸⁹

Federal CCDF Appropriations⁹⁰

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
CCDBG	\$2.761	\$2.856	\$5.213	\$5.258	\$5.826	\$5.852	\$6.165
CCES	\$2.917	\$2.917	\$2.917	\$2.917	\$2.917	\$3.55	\$3.55

Each state may also transfer to CCDF up to 30% of the federal funds they receive from the Temporary Assistance for Needy Families (TANF) program—a separate federal block grant distributed to states to help low-income families achieve self-sufficiency. In FY2019, states transferred a total of \$1.3 billion of their \$16.5 billion in federal TANF funds to CCDF.⁹¹ Accounting for all federal and state CCDF funds, including TANF transfers, CCDF was funded at just under \$11.6 billion in FY2019 (the latest year TANF data is available).

Allotments to States. While the federal Office of Child Care at the Department of Health and Human Services integrates these funds and awards them to states as an annual block grant, each funding source uses a distinct state allotment formula.

CCDBG: Each state receives an amount based on its annual proportions of children under age five, children eligible for free or reduced school lunch, and per capita income, relative to other states.

CCES: Mandatory funds to states are distributed through two categories.

- **Guaranteed:** Each state receives a fixed amount equal to the total child-related welfare funds the state received in 1994 or 1995 (whichever is greater), or the average from 1992 to 1994.
- **Match:** Each state receives a portion of remaining CCES funds equal to its share of children under age 13, as long as the state satisfies two criteria: (1) continues to provide its own funds for child care at a level equal to the amount it spent on child-related welfare programs in the mid-1990s (also known as the maintenance of effort) and (2) matches federal funds with state dollars at the Federal Medical Assistance Percentage rate. Any funds not drawn down via matching due to a state not complying with one of the above requirements are redistributed to any states that apply for them the following fiscal year.⁹²

Obligation and Liquidation. In their annual budgets, states must commit enough state dollars to meet their CCES match requirements and a majority of states must approve the use of all CCDF funds in their budgets as well. Since most states do not approve their budgets until their state fiscal years begin, most often on July 1—eight months after the beginning of the federal fiscal year on October 1—states requiring legislative authority to draw down their federal funds usually do so near the end of the federal fiscal year they were appropriated for. Therefore, the following rules exist for each type of funding:

- Federal and state CCES funds must be obligated (committed for a certain purpose) within the federal fiscal year they were appropriated but do not all have to be liquidated (spent on that purpose) that same year.⁹³
- Discretionary funds have more relaxed requirements. They must be obligated within two federal fiscal years of being appropriated and liquidated within three.⁹⁴

State Spending Requirements. All CCDF funds—including TANF transfers—must be spent according to requirements set by CCDBG, which was most recently reauthorized (or renewed) in 2014. States are required to set-aside at least 12% of their federal CCDF funds for quality improvement activities (9% for general improvements and 3% for quality improvements for infant and toddler care), spend no more than 5% of their federal funds on administrative activities, and use at least 70% of their remaining funds (after quality and administrative dollars are subtracted) for direct services, which are explained below.⁹⁵

Direct Services. To offer direct services to families, states may use CCDF funds to subsidize child care slots for low-income, working parents through two mechanisms: certificates and grants or contracts. States overwhelmingly

offer certificates (sometimes referred to as vouchers): 92% of children served by CCDF in FY2018 received certificates, while just 7% were served via grants or contracts.⁹⁶ Families that receive a certificate may take it to any provider of their choice that meets the requirements of CCDBG and, based on a sliding fee scale, must pay a portion of the tuition fee (known as a copayment) while CCDF funds reimburse the provider for the remaining amount.

To promote parent choice, certificates are portable: if a family switches providers, payments apply to the new provider, as long as that provider meets CCDBG requirements. CCDBG also permits states to directly contract with a provider to hold a subsidized slot for an eligible family—although only six states did in FY2018.⁹⁷ Under this method, providers receive a grant or contract from the state that pays for a slot for an extended period—typically a year or longer—and will receive payments regardless of the number of days the slot is filled.

Parent Choice and Rate Setting. CCDBG rules recognize that the child care market is a mixed-delivery system that offers a variety of care arrangements to fit an array of family needs. For this reason, the law requires that parents who are offered a subsidy be allowed to choose their preferred provider, as long as the provider meets certain health and safety requirements and is otherwise eligible based on the law. In FY2018, 73% of children receiving CCDF funds were enrolled in centers, 20% in family child care homes, and 2% in their own home (4% had invalid data or did not report).⁹⁸

Another fundamental facet of parent choice, beyond having the ability to choose a provider, is having the financial ability to access a variety of child care options. Thus, states must set subsidy rates that allow children who receive subsidy to have access to comparable providers serving children not eligible for subsidy. States conduct market rate surveys or conduct alternative cost modeling to set their subsidy rates. While rate setting is left to the states, the federal government recommends states set reimbursement rates high enough so that families receiving a subsidy have the financial ability to access three out of four child care programs (the 75th percentile of market rates).⁹⁹ Yet most states fall far below this recommendation: in 2016, just one state had rates set at the 75th percentile.¹⁰⁰ Low rates also mean that providers often do not receive the level of reimbursement they need to fully cover the costs of providing care. Therefore, low reimbursement rates have various negative effects on providers, including contributing to perpetually low wages and the lack of benefits for child care staff.¹⁰¹

Access. CCDF's funding levels have limited the availability of child care subsidies to families for years: only 15% of the children eligible to receive CCDF subsidies under federal rules (families with incomes below 85% of state median income, \$55,127 for a family of three) received child care assistance through the program in 2015.¹⁰² Further, the number of children served each year has decreased from 1.5 million children in FY2012 to 1.3 million in FY2018.^{103,104}

While fewer children are being served over time, a greater proportion of recipients are sharing the cost: 63% of families paid copayments in FY2012 compared to 75% in FY2018.^{105,106}

Quality. To ensure a base level of quality, CCDBG requires that certificates only be taken to providers that meet minimum quality standards and other requirements of the law. States must formalize these standards through licensing programs, and to remain licensed, providers must pass periodic inspections certifying that they comply with these standards. States must also set aside at least 12% of their federal CCDF allotment to conduct activities designed to improve child care quality beyond the baseline requirements—in FY2018, states spent 16% of their funds on quality improvements.¹⁰⁷

In 2016, 25 states also offered quality improvement incentives through a “tiered reimbursement system” that works within direct services mechanisms.¹⁰⁸ Under a tiered reimbursement system, providers are offered higher subsidy rates if they reach higher quality tiers, providing an incentive for improvements.

The Takeaway

The Child Care and Development Fund is the primary federal funding source dedicated to child care in the United States. Administered as an annual block grant, states have flexibility over how they spend their funds as long as they comply with CCDBG rules intended to ensure funds help low-income families access high-quality child care. To accomplish this goal, states distribute the majority of their CCDF dollars as certificates that aim to cover a portion of families’ child care costs at competitive market rates while preserving parents’ abilities to choose a licensed provider that fits their needs. Additionally, each state reserves a portion of its funds for activities intended to improve the quality of the child care supply. Despite funding increases for the program in recent years, CCDF’s funding levels have shown to be insufficient in significantly increasing child care access and quality across the country.

The Market-Based, Mixed-Delivery Child Care System

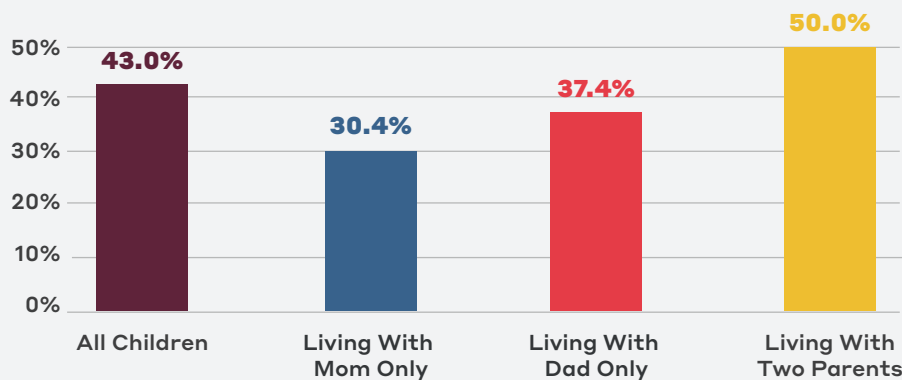
Child care is a market-based system where parents choose a provider based on a variety of factors, including quality, structure, cost, needs of their child, work circumstances, location, religious affiliation, and much more. Parents can choose between large child care centers, child care in the owner's home or in a faith-based setting, or care from a nanny or relative. Parents have the definitive choice of which setting best fits the needs of their family. However, certain factors might limit their options.

60% of children younger than age 5 are in a regular child care arrangement their parent has chosen for them each week.

COST

Cost is the factor cited most often by families as the primary reason for difficulty finding child care.¹⁰⁹ The cost of child care is indeed often prohibitive, particularly for low-income, working families—in 33 states and Washington, D.C., infant care costs exceed the average cost of in-state college tuition at public four-year institutions.¹¹⁰ While most parents cannot afford to pay more, providers are operating on razor-thin margins and most child care employees receive poverty-level wages.¹¹¹

Percent of Children Living With A Parent Working A Nonstandard Schedule, 2014¹¹²



QUALITY

In the early years, the human brain is exceptionally malleable and sensitive to experiences, for better or for worse, based on the quality of children's experiences.¹¹³ The high-stakes nature of this period makes it critical that young children are in high-quality environments that are safe and socially, emotionally, and cognitively engaging. While parents seek the highest-quality option for their child, those are often the costlier programs and the hardest to find an open slot in.

PROGRAM STRUCTURE

Most center-based child care programs have limited hours and days of operation. Because many parents may work outside of a typical nine-to-five, Monday-through-Friday schedule, families may need to choose a family child care or home-based option with more flexible or longer hours. Therefore, children may receive care in multiple settings throughout the week or attend a public program during the school year then a different type of child care in the summer. Other factors, such as religious affiliation or curriculum, may influence a parent's choice.

Mixed Delivery System includes center- and home-based providers, Head Start and Early Head Start programs and state prekindergarten programs across the public, private, for-profit, non-profit, and faith-based sectors.

ACCESSIBILITY

The market is poorly distributed, and demand often outgrows supply, leading families to join waiting lists for long periods of time. Finding care is particularly difficult for families in rural areas and parents of infants—nearly 40% of parents find the lack of an open slot the most difficult part of finding child care for their infant.¹¹⁴ Other factors include the location of care (whether it is close to home, work, or whether they have that choice) and considerations for children with special needs.

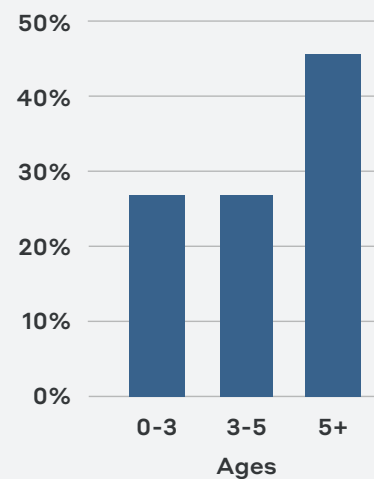
The Takeaway

Families are the building blocks of a productive society. Equipping families—especially young, first-time parents—with the tools, knowledge, and awareness to make better choices for their children takes so little and yet accomplishes so much. All families deserve the chance to set themselves up for success and to put their own children on the path toward a brighter future.

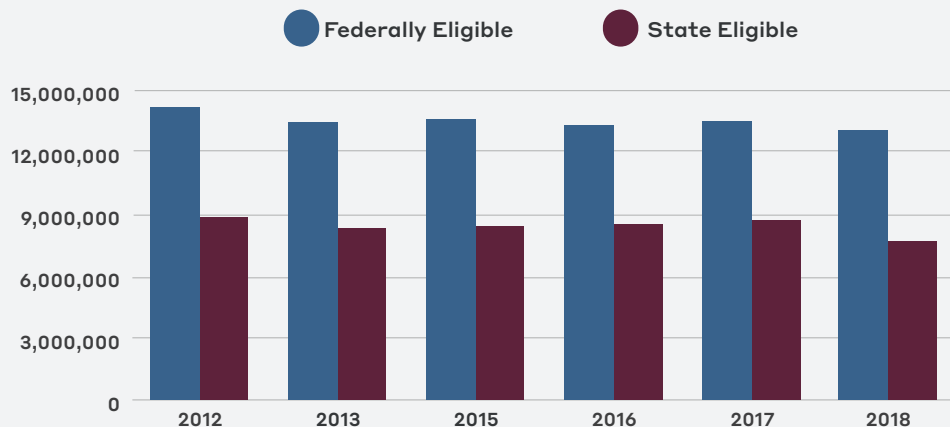
Accessing Child Care Subsidies

In 2020, the most recent annual data available, about 1.5 million children received a child care subsidy through the Child Care and Development Block Grant (CCDBG).¹¹⁵ To receive a subsidy, federal statute has broad eligibility requirements: a child must be under age 13 and live within a household making at or below 85% of their state median income. States are also required to prioritize low-income children, children with special needs, and children experiencing homelessness, but are provided latitude on how to define and best serve these populations. Despite these efforts to provide the most at-risk children and families with a child care subsidy, inconsistent policies on eligibility combined with limited funding can result in inequitable distribution of CCDBG dollars. Consequently, it is difficult to measure if states are achieving those federally mandated goals or determine if some eligible children who might benefit from a subsidy most are being overlooked.

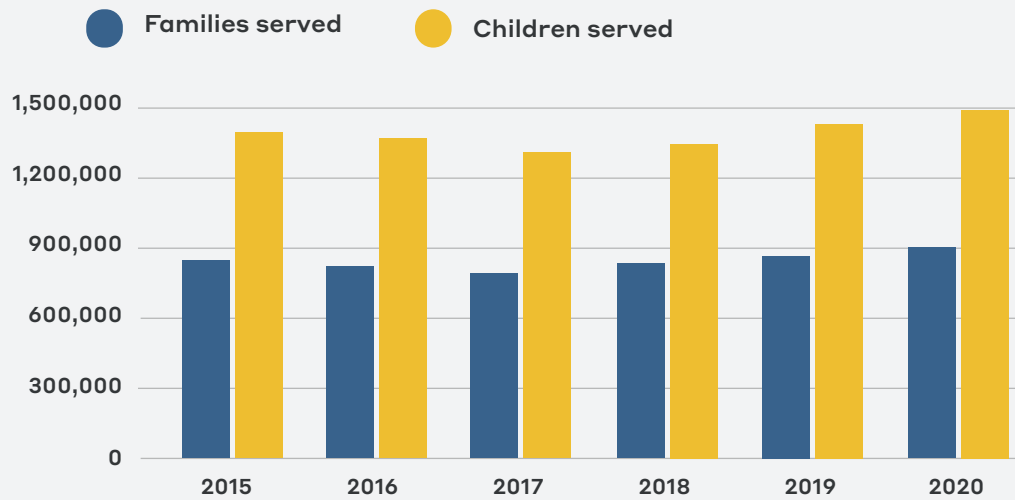
Percentage of children receiving CCDBG subsidies by age group



Comparing the number of children eligible under federal statute versus state policies from 2012-2018^{115a}



Number of families and children served by CCDF (2015-2020)

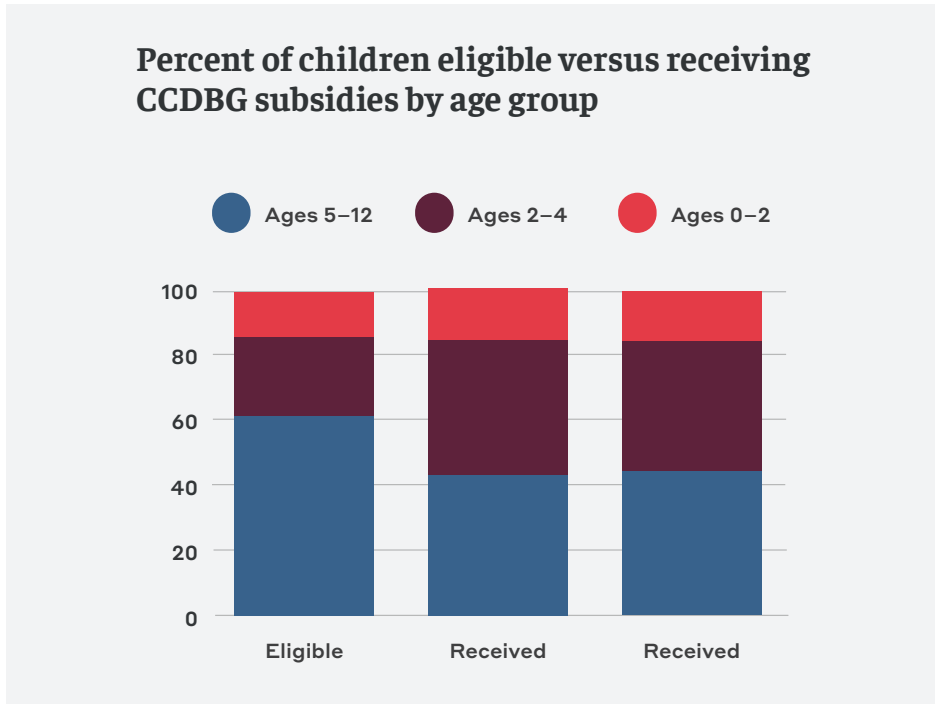


HOUSEHOLD INCOME

Though federal statute requires families to live within a household making at or below 85% of their state median income to qualify for CCDBG, states have flexibility to establish more restrictive eligibility criteria. For example, from 2016 to 2017, a monthly average of 13.5 million children under age 13 were eligible for CCDBG under federal statute, whereas only 8.7 million were eligible under their state policies. Of those 8.7 million, less than 22% (1.9 million children) received a subsidy, translating to only 14% of all federally eligible children receiving a subsidy.¹¹⁶ However, per the statutory directive to prioritize low-income families and children, very low-income children are highly representative recipients of CCDBG subsidies, and this trend holds true for most states. From 2011 to 2012, 60% of subsidy recipients fell at or below 100% of the poverty line and represented 45.6% of all eligible children.¹¹⁷ The trend continued to hold true in 2017, when 46% of 4-year-old children with family incomes below the federal poverty line received subsidies, compared to 16% of children with family incomes between 150% and 199% of the federal poverty line.¹¹⁸ Single-parent households tend to have lower incomes and, consequently, almost 85% of recipient children from 2011 to 2012 lived in single-parent households.¹¹⁹ Despite the relative success in providing subsidies to low-income, single-parent households, many children and families who are eligible based on their low incomes are excluded due to a combination of limited funding, restricted state eligibility, and inadequate supply of child care slots.

AGE

Though children up to age 13 may be eligible, and children aged 5 to 12 are a majority of those eligible, children younger than age 4 receive the majority of CCDBG funds. In general, children between the ages of 2 to 4 are largely overrepresented in their receipt of subsidies.



RACE

According to the U.S. Census Bureau, 21.6% of the U.S. population speak a language other than English at home.¹²⁰ Some states report providing CCDBG subsidies to children whose primary language at home is Spanish and from 2011-2012, Hispanic children made up 35% of all eligible children nationwide.^{121,122} Despite this, Hispanic children are largely underrepresented in their receipt of subsidies: only 10.5% of eligible Hispanic children received subsidies in 2017, and the challenges Hispanic families face accessing child care extend beyond CCDBG.^{123,124} Similarly, Asian children, Asian Pacific Islanders, and American Indian/Alaska Native children each made up 1% of CCDBG recipients in 2018, and a previous analysis estimated that CCDBG only provided subsidies to 6% of eligible AI/AN children.¹²⁵ By contrast, Black children are usually overrepresented. From 2011-2013, they represented 25% of all eligible children but 41% of all recipients. During the same time period, white children made up 31% of all eligible children and represented 29% of all recipients.¹²⁶ The trend largely remains the same in 2017 with more eligible Black children receiving subsidies than any other group.¹²⁷

DISABILITY

CCDBG requires states to prioritize children with special needs but does not provide a statutory definition of the term, requiring each state to interpret, and only five states—Alabama, Arizona, Mississippi, Rhode Island, and Tennessee—do not include a child with a disability in their definition.¹²⁸ In 2018, most states reported that only 2% or less of children receiving a subsidy had any disabilities.¹²⁹ There is limited analysis available on the scope of CCDBG eligibility for children with disabilities, but in 2018, 3.48% of U.S. children ages birth to 2 received services under Part C of the Individuals with Disabilities Education Act, and 6.75% of U.S. children ages 3 to 5 were served under Part B of IDEA.^{130,131} IDEA is a formula grant to states that provides free early intervention and special education services to children with disabilities. While not a perfect comparison, the national numbers indicate there may be a gap between the 1% to 2% of children with disabilities receiving CCDBG subsidies versus the higher percentage of children with disabilities receiving other services.

HOMELESSNESS

CCDBG rules require states to prioritize children experiencing homelessness in providing subsidies, though it gives states the flexibility to determine how best to achieve this goal.¹³² While most states indicate that many of the families receiving subsidies are not experiencing homelessness, there is some variation. The Office of Child Care indicated that states are still struggling to find the best way to report the number of children experiencing homelessness they serve, but in 2016, between 1% and 11% of CCDBG subsidy children were experiencing homelessness in the 18 states reporting sufficient data.¹³³

The Takeaway

State policies are a large factor determining which children are eligible for CCDBG subsidies. Ultimately, these policies have downstream impacts for those who benefit from the subsidy. While the program successfully targets single-parent, low-income families, many eligible children will never receive a subsidy. Additionally, Hispanic and AI/AN children, children with disabilities, and children experiencing homelessness continue to be underrepresented or underreported despite efforts in federal law to prioritize them.

Supporting Child Care Through Tax Policy

Child care is necessary for working parents with young children. However, families frequently struggle with the high cost of care that in turn impacts their ability to find and keep stable employment and to provide for their family and the healthy development of their children. As such, every dollar a parent receives, through earned income, child care subsidies, tax credits, or other benefits, is critical.

Advocates for families and children often focus on improving and increasing direct assistance programs as a way to help working parents access and afford child care, such as the Child Care and Development Block Grant, the Temporary Assistance for Needy Families program, and Head Start. However, this ignores another significant policy option available to support families with young children – the tax system. The tax code includes a variety of policies that encourage work, benefit families with children, and offset the cost of child care, all providing clear immediate and long-term benefits.

Children under age six have the highest poverty rates among any demographic nationally, and financial instability during early childhood can have significant, long-lasting consequences.¹³⁴ A growing consensus of neuroscience and developmental research demonstrates the critical importance of a child's earliest years, meaning there is high potential for the conditions of poverty to "compromise children's life achievement and employment opportunities" by failing to foster their cognitive, social, and emotional development.¹³⁵

While many federal programs with direct spending exist to support the wellbeing of families with children, the tax code includes two provisions that specifically help working parents pay for their child care expenses: the Child and Dependent Care Tax Credit (CDCTC) and an exclusion for employer-provided child and dependent care assistance (often called Dependent Care Assistance Plans, or DCAP). Two additional tax credits—the Earned Income

The tax code includes a variety of policies that encourage work, benefit families with children, and offset the cost of child care, all providing clear immediate and long-term benefits.

Tax Credit and Child Tax Credit—are important components of the tax code for many low-income workers, designed to subsidize their income and foster financial stability. Because helping parents afford the high costs of child care is such a critical component of their path to financial stability, this brief focuses on those elements of the tax code that specifically offset the high costs of care.

Child and Dependent Care Tax Credit

The CDCTC allows eligible taxpayers to offset a portion of their out-of-pocket child and dependent care expenses necessary for them to stay employed. Specifically, taxpayers may claim: (1) up to \$3,000 of expenses to acquire care for one qualifying dependent, defined as a child under 13 or an individual incapable of caring for him or herself, or (2) up to \$6,000 for two or more dependents. The credit rate varies based on one's Adjusted Gross Income (gross income minus adjustments) and is calculated by multiplying the amount of qualifying expenses (up to the maximum credit amount) by the appropriate credit rate based on one's income. The maximum rate is 35% for taxpayers with an AGI of \$15,000 or less, and gradually declines to a rate of 20% for taxpayers with an AGI above \$43,000.¹³⁶

The aggregate data on recipients of the CDCTC illuminates several realities. First, even though the credit rate is more generous toward lower-income taxpayers, many low-income families do not receive the credit because the CDCTC is not refundable.¹³⁷ A nonrefundable credit means the amount the taxpayer is potentially eligible to receive is limited to their tax liability. Therefore, taxpayers with little or no income tax liability receive little or no benefits from nonrefundable tax credits, including the CDCTC. As such, most CDCTC benefits accrue to middle- and high-income families rather than the low-income families who most need assistance affording child care. In 2015, only 4% of aggregate CDCTC dollars went to families with incomes under \$25,000, while 55% went to families making over \$75,000.

Second, on average, just 13% of taxpayers with children claim the credit, but the participation rate is even lower for those with lower incomes: fewer than 1% of all taxpayers with incomes under \$15,000 claim the CDCTC, compared to almost 30% of those with incomes between \$100,000 - \$200,000.¹³⁸



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Lastly, those with the lowest incomes receive, on average, the lowest credits: for those with incomes under \$15,000, the average credit amount is \$121, while for those with incomes over \$25,000, the average credit amount is between \$500 and \$600. For those with incomes over \$500,000, the average credit amount is \$620.¹³⁹

Employer-Provided Child or Dependent Care Assistance Plans (DCAP)

Employers can support their employees' child and dependent care needs by offering dependent care assistance plans, including flexible spending accounts (FSAs) where employees can set aside a portion of their pre-tax salary for expenses including child care, preschool, summer camp, and before or after school programs. Specifically, taxpayers can set aside up to \$5,000 of their pre-tax wages per year for these benefits, which are not subject to income or payroll taxes. In addition to an FSA, a DCAP could also consist of direct payments by an employer to a child care provider, on-site care offered by an employer, or direct reimbursement of an employee's costs for child care.¹⁴⁰

Data from the Bureau of Labor Statistics indicate that only about 42% of workers were employed at a company that offered a Dependent Care FSA in 2019 (though it is important to note that does not indicate the take-up rate of such benefits).¹⁴¹ These workers are generally higher-compensated employees at larger companies—in 2017, 19% of those in the lowest 25% of wage distribution had access to a Dependent Care FSA, compared to 63% of those in the highest 25% of wage distribution. At the same time, only 20% of employees in companies with under 50 employees had access, compared to 72% of those in companies with over 500 workers.

Interaction Between CDCTC and Employer-Sponsored Care

Taxpayers can claim both the CDCTC and set-aside funds for a DCAP if they are for separate out-of-pocket child or dependent care expenses. However, for each dollar contributed to a DCAP, the taxpayer must reduce their maximum qualified expenses for the CDCTC credit by the same amount. Therefore, once an individual with one child contributes \$3,000 into a Dependent Care FSA, they are no longer able to claim a CDCTC credit. When an individual with two or more dependents contributes the maximum of \$5,000 into their FSA, they are only able to apply for the CDCTC up to the \$1,000 difference.

In most cases, the average cost of care each year is much greater than both the contribution limits for dependent care assistance plans and credit rates under the CDCTC. Families with more than one child face an even steeper burden, as do families with infants for whom care is the costliest, and the lowest-income families, who must contribute a greater percentage of their income to child care.

Temporary Assistance for Needy Families Program Overview

Although the Child Care and Development Fund (CCDF) provides the majority of federal funds dedicated to helping low-income, working families pay for child care, a significant amount of public child care funding comes from an often overlooked source: the Temporary Assistance for Needy Families (TANF) program. TANF is a federal block grant intended to help low-income families achieve economic security and independence from government support. Alongside providing cash assistance to help families meet basic needs and engage in work-related activities, TANF serves as the country's second largest source of public child care dollars. In total, states contributed over \$5 billion of their \$31 billion in total TANF funds to help families cover child care costs in fiscal year 2019.

Funding Sources. TANF receives mandatory federal funding, meaning funding is set by statute and not subject to the annual appropriations process. Section 403(a) of the Social Security Act automatically appropriates just over \$16.5 billion annually—as it has done since TANF's inception under the 1996 welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act.¹⁴² As this amount has remained unchanged since 1996, by FY2019, its value had diminished by 37%, as TANF appropriations have not been adjusted for inflation.¹⁴³

Allotments to States. The Office of Family Assistance in the U.S. Department of Health and Human Services distributes these federal funds annually to states as a single block grant according to the following:

Basic Block Grant: Each state receives a share of mandatory funds equal to the amount of federal funds it received from pre-1996 welfare programs (Aid to Families with Dependent Children, Emergency Assistance, and Job Opportunities and Basic Skills Training programs). However, a 0.33% set-aside for research on TANF has slightly lowered these allotments since FY2017.¹⁴⁴

Alongside providing cash assistance to help families meet basic needs and engage in work-related activities, TANF serves as the country's second largest source of public child care dollars.

Maintenance of Effort (MOE): To receive the basic block grant, each state must spend its own funds on activities for needy families at a level equal to 75% of what the state spent on welfare programs in FY1994. However, since states are also required to maintain spending on some of the same programs to meet their

CCDF maintenance of effort requirements, they may double count up to \$888 million of their CCDF MOE funds towards their TANF MOE requirements.^{145,146} Thus, in FY2019, total TANF MOE funds were recorded at \$14.7 billion,¹⁴⁷ but only \$13.8 billion were explicitly dedicated for the program.

Use of Funds. As a block grant to states, TANF offers broad flexibility in how states may spend funds to achieve four statutory goals: (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out of wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and, (4) encourage the formation and maintenance of two parent families.

To prevent welfare dependency—TANF’s second statutory goal and the impetus for welfare reform in 1996—the law sets certain requirements for how states may spend federal TANF funds. A state has latitude over how it structures eligibility requirements for individual family recipients, as long as the state meets overall federal requirements related to income eligibility, work status, and time limits. For example, 50% of all families—and 90% of two-parent families—receiving TANF assistance in a state must meet “engaged in work” requirements or the state will face a grant reduction in the subsequent fiscal year. To meet these overall requirements, states may set any individual eligibility rules they see fit.

However, the requirements above apply specifically to what TANF considers “assistance” activities and not necessarily “non-assistance” activities. Assistance activities are payments to help families cover ongoing needs like food, clothing, and shelter—payments that correspond to what most consider cash welfare and are often distributed as such. Work and time limit requirements for these activities are typically the strictest. The largest portion of TANF funds is spent on basic assistance, as states allocated over 21% of their funds for these purposes in FY2019.¹⁴⁸

Non-assistance activities are typically short-term, non-recurring payments and may include other benefits and services such as supporting employment, education, and job training, or supporting child welfare and youth development. Most notably, funds provided to help families cover child care services are considered non-assistance if the family is employed, and assistance if the family is unemployed but performing activities like community service or job training.¹⁴⁹

The Intersection of TANF and Child Care. Both CCDF and TANF aim to support families with similar income characteristics and work statuses. In fact, 70% of mandatory CCDF funds must be spent on families receiving TANF, transitioning off TANF, or who are at risk of becoming dependent on TANF.¹⁵⁰ Additionally, child care is key to achieving TANF’s goal of supporting needy families while encouraging them to work. For these reasons, Congress created

three channels by which states may use their TANF funds to help families cover child care costs.

Transfers to CCDF: Within the fiscal year they receive the funds, states are allowed, but not required, to transfer up to 30% of their federal TANF funds to CCDF and the Social Services Block Grant, collectively (although transfers to SSBG are capped at 10%). Transferred funds are subject to CCDF rules and reporting requirements, helping to ensure young children are served in child care programs that meet the minimum health and safety requirements and other regulations set by CCDF. In FY2019, states transferred \$1.3 billion of their \$16.5 billion in federal TANF funds to CCDF.¹⁵¹

Federal Direct Spending: Separate from CCDF, states may use any amount of their federal TANF funds to directly provide child care support for families (both assistance and non-assistance). Direct spending on child care is not subject to the minimum health and safety standards and other requirements set by CCDF. In FY2019, states spent \$1.4 billion of their \$16.5 billion in federal TANF funds on direct child care services and an additional \$60 million was spent directly on pre-K and Head Start in the same year.¹⁵²

State MOE Direct Spending: State funds used for direct child care spending may also count as contributions toward their TANF MOE requirements. In FY2019, states reported spending an aggregate of \$2.3 billion on child care out of their \$14.7 billion in total funding that counted toward their collective TANF MOE contributions. After excluding the CCDF MOE funds that states may concurrently count for their TANF MOE (\$888 million), states spent about \$1.4 billion of an updated total \$13.8 billion in MOE funds on direct child care services in FY2019.¹⁵³

Impacts on Child Care. TANF funds constitute a large portion of overall government child care spending each year. Of the nearly \$14.5 billion in both state and federal CCDF and TANF spending on child care in FY2019, 29% was from TANF.^{154,155} However, 56% of the TANF dollars reported for child care—\$2.8 billion of the total \$5 billion—were obligated for direct services and not subject to the health and safety standards enforced by CCDF.

“Just 2% of employers help employees pay for child care outside of a flexible spending account and just 3% subsidize the cost of child care at company-affiliated onsite or near-site child care center.”

Even though Congress has provided increased appropriations for CCDF over time, declining TANF transfers have muted their impact. Between 2000 and 2017, total funding for CCDF—the only public funding with minimum health and safety requirements—increased by only 19% (including transfers from TANF), despite a 63% increase in CCDF funds appropriated by Congress.^{156,157}

International Investments in Early Child Care and Education

Quality early care and education is key to shaping positive early experiences, creating a foundation for lifelong achievement, learning, and growth. While there is largely a consensus around the importance of access to quality early care and education programs, an important question remains: how to pay for it. The investments needed to support early childhood programs can seem daunting, especially in the context of the United States' looming national debt, which for many policy makers serves as a strong incentive to cut spending. The United States can look to international financing structures for early child care and education programs to learn mechanisms through which it can fully fund these programs despite the initial challenges, helping children achieve their potential and eventually invest more money back in the economy.

DOMESTIC SPENDING ON EARLY CHILDHOOD IN AN INTERNATIONAL CONTEXT

On average, Organization for Economic Cooperation and Development (OECD) countries spend 0.7% of gross domestic product (GDP) on early child care and education, with some countries spending up to 1.8% of GDP. The United States ranks among the bottom three OECD countries in terms of public expenditures on early care and education, spending just 0.3% of GDP on these programs. However, in analyzing this data the OECD has cautioned that these figures are closely linked to the number of years children are served in early childhood programs. In countries where school entry is later, more money is usually invested. The United Kingdom, for example, provides pre-primary education through age 4 and spends less money on early care and education than Sweden, where children stay in pre-primary programs until age 7.¹⁵⁸

Forty-two percent of what the United States spends on child care is administered through the tax code and the rest is a combination of cash benefits and in-kind services.¹⁵⁹ While cash benefits provide families with the most flexibility in how to care for their children, the United States ranks last among all OECD countries in cash benefit expenditures. With regard to enrollment, the United States ranks 20th and 29th out of the 36 OECD countries in the percentage of children birth to age 2 and children ages 3 to 5 enrolled in formal child care, respectively.¹⁶⁰

Types of Financing Tools for Early Care and Education:¹⁶¹

1. **Child-related leaves and benefits:** Paid parental leave
2. **Publicly provided services:** Head Start, pre-kindergarten
3. **Supply-side subsidies:** Subsidies to early care and education providers
4. **Demand-side subsidies:** Tax credits or vouchers to the families utilizing these services



DECIDING WHICH FAMILIES TO SUPPORT

While most OECD countries invest in high quality early care and education programs for all children, the United States largely targets only low-income families for federal benefits. For example, to be eligible to receive a child care subsidy through the Child Care and Development Block Grant (CCDBG) and Temporary Assistance for Needy Families (TANF) programs, families must earn less than 85% of the state median income. Even with these eligibility requirements, only around 17% of children eligible for subsidies under the Child Care and Development Fund (CCDF) and related federal programs received them.^{162,163} This leaves a large population of the nation's families who cannot afford child care yet still earn too much to qualify for federal aid.

On the other hand, in England where 40% of children ages 0 to 2 and 88% of children ages 3 to 4 are in some form of child care, investments in child care increase accessibility for everyone, regardless of socioeconomic status.¹⁶⁴ England offers 30 hours of free child care a week for 38 weeks out of the year for all children ages 3 to 4, a benefit which 94% of parents use.^{165,166} In Denmark, where all families are offered public child care, 68% of children ages 1 to 3 and 88.5% of children ages 3 to 5 are enrolled in some form of child care. The maximum amount payable out-of-pocket by any parents is 30% of the total cost since subsidies from the state cover the rest.^{167,168}

ENGAGING THE PRIVATE SECTOR

The private sector can provide invaluable supplemental funding for early care and education programs in addition to the allocated public funding. Learning from other countries, the United States should think more critically about how to engage the private sector and encourage cross-sector resource development to finance services for young children and families. For example, as of May 2020, the European Fund for Strategic Investments mobilized around \$577 billion in investments across the European Union, including \$10.5 billion in Finland.¹⁶⁹ This led to the development of the first municipal public private partnership in Finland in the city of Espoo, where the European Investment

Bank, the Nordic Investment Bank, and the OP Corporate Bank invested around \$201 million over a 21.5-year term to build eight schools and child care centers.¹⁷⁰ In addition, in Trinidad and Tobago, the Early Childhood Care and Education Centers are public facilities, yet they are privately managed and operated so the government does not incur all of the costs.¹⁷¹

While the United States allows for private investments in early childhood programs, this is often done at the local level, failing to systematically engage the private sector with concentrated efforts to maximize capacity and investments. An example of such a private investment is The Opportunity Project (TOP), a non-profit founded in Wichita, Kansas by businessman Barry Downing to provide high-quality early care and learning experiences to children from low-income families. The three current TOP Early Learning centers, which serve about 600 children in Kansas each year, exemplify public-private partnerships as they incorporate federal, state, and local-level funding, including Head Start and Early Head Start. TOP Early Learning also partners with community organizations to provide comprehensive health services to the children.¹⁷² Furthermore, in 2001, the Boeing Company committed \$500,000 to invest in early care and learning programs in Washington state where most company employees live and work. It has since become an integral part of Thrive by Five, the state's leading public-private partnership to promote school readiness.¹⁷³

While the United States allows for private investments in early childhood programs, this is often done at the local level, failing to systematically engage the private sector with concentrated efforts to maximize capacity and investments.

CREATING A FAMILY AND CHILD-FOCUSED CULTURE

Funding for early child care and education requires that the nation prioritizes both children and families. Another stark contrast between the United States and countries with higher funding levels for early care and education is that these other countries have a commitment to providing assistance from the government to families and to increasing parental engagement, creating a culture of comprehensive support for families. In Finland, for example, families receive a baby box when they become pregnant to support them through what can be a stressful and tumultuous time. The strongest case of parental engagement in the United States is Head Start, which has seen enormous successes, where such engagement is a mandated part of performance standards. The United States could evoke parental engagement as a condition for federal funding, following the steps of countries around the world that strategically use federal funding to drive the agenda.

To underscore their commitment to parental engagement from the moment a child is born, all OECD countries except the United States offer paid maternity leave for at least 12 weeks. Thirty-three out of the 36 countries offer paid maternity leave for an average of 16 weeks and 26 OECD countries offer paid paternity leave for an average of 2 weeks.^{174,175} Currently, 24 out of the 36 OECD countries offer paid parental leave for an average of 45 weeks, yet the United States is not among them.¹⁷⁶ The United States must begin to view funding quality early care and education as just one tool, albeit an important one, to fully support early childhood and should shift towards more deeply considering the importance of creating a family-focused culture through policies such as paid parental leave.

CASE STUDIES

Evaluating the early childhood programming of comparable countries around the world can provide a better understanding of the state of and financing structures for child care in the United States. Both Australia and Canada, like the United States, intervene only when market failures justify the need for public investments in social services such as early care and education.¹⁷⁷

Australia: In 2008, the Australian Government first signed the National Partnership Agreements on Universal Access to Early Childhood Education (NP UAECE) to provide universal access to quality early care and education for all children.¹⁷⁸ The Australian government recently committed to funding this partnership with \$453.2 million through 2021.¹⁷⁹ From 2018-2019, Australian government expenditure on early care and education amounted to \$7.9 billion with an additional \$2 billion from states and territories—totaling around \$9.8 billion in public support on early childhood.¹⁸⁰ In 2019, around 1.4 million children from birth to 5 years (45% of children ages 0 to 5) were served in and one million families utilized some form of child care, including center-based and family child care. Hourly rates for providers averaged at \$9.95, with a maximum of \$11.98 for center-based care. In 2018, around 275,000 4-year-olds (86% of all children aged 4) and 68,000 5-year-olds (21% of all children aged 5) were enrolled in a preschool program. Of all the children enrolled in preschool, 51% were in a program that charged between \$1 to \$4 per hour, and 22% were enrolled in a free program.¹⁸¹

The main way the Australian government provides additional assistance to families with their child care fees is through their Child Care Subsidy (CCS), a program which lowers the cost of child care via fee reductions paid directly to service providers. CCS helps reduce the out-of-pocket cost for families of all income levels for up to 30 hours of child care a week, but beyond 30 hours only reduces costs for low- and middle-income families. The Australian government also provides targeted monetary assistance to exceptionally vulnerable families through the Child Care Safety Net.¹⁸² Furthermore, the Australian government

pays the Child Care Benefit (CCB) to use at approved child care providers, pays the Child Care Rebate, and provides operational and capital funds to some early care providers.¹⁸³

Canada: In Canada, in 2019, nearly 1.4 million children (around 60% of children under 6 years old) participated in some form of child care.¹⁸⁴ Approximately 68% of children ages 1 to 3 and 65% of children ages 4 to 5 were reported to be in child care, compared to only 24% of children under one-year-old, partially reflective of Canada's comprehensive parental leave plan.^{185,186} Furthermore, early care and education programs are organized and regulated at the provincial and territorial level, meaning that rates of participation vary according to location.

Aside from specific national programs for Aboriginal and military families, Canada does not have a national program or policy for early child care and education. Each province and territory has its own legislation regarding child care regulations that cover standards, licensing, funding, and monitoring.¹⁸⁷ Despite a recent \$1.2 billion investment from the Canadian government in child care for 2020-2021, in general, child care in Canada is primarily paid for by parents with some provinces and territories paying direct operating costs to reduce parent fees¹⁸⁸ While infant and toddler care can cost up to \$1,800 a month, three provinces set limits on parent fees regardless of income—Quebec setting a maximum out-of-pocket fee of \$500 a month for even the wealthiest families.¹⁸⁹ All provinces and territories except Quebec subsidize eligible low-income families, though eligibility requirements and specific amounts vary by territory.

Instead of subsidizing only low-income families, in 1997 Quebec introduced universal child care, subsidized with roughly \$2 billion in public funding. While this program still requires payments from some families, payments are calculated based on a sliding scale according to income levels and even the wealthiest families only pay up to \$21.95 per day. To meet the increased demand for early care and education programs that followed the codification of universal child care, the Quebec government engaged the private sector. For families that either could not find a place in a public child care center or simply chose private child-care centers and home-based care options, in 2003 Quebec created a tax credit that reimburses families up to 75% of tuition at these programs, which greatly increased capacity in the pursuit of providing quality early care and education to all children.¹⁹⁰ Following the implementation of universal child care, in which nearly 300,000 children were enrolled in 2016, Quebec saw enormous increases in the work force participation rate of mothers.^{191,192} Between 1997 after the start of this program and 2016, the employment rate for mothers of children 5 years or younger increased 16% while across the rest of Canada, the same demographic of mothers only saw a 4% increase in employment rate.¹⁹³

The Takeaway

Shifting to a comprehensive early care and education system that is adequately funded and affordable to all first requires that the country reconsider how it prioritizes children and families alike. Supporting early child care and education goes beyond only funding these programs, but includes supporting family-focused programs and policies such as paid family leave. Shifting cultural norms towards prioritizing children and families can allow for a restructuring of current financing systems, applying lessons from around the world to engage with the private sector and support all children. To improve and comprehensively fund a quality early care and education system, the United States must confront the ethos that hampers its ability to make such commitments.

Supporting Child Care and Early Learning

The Science of Early Childhood Development

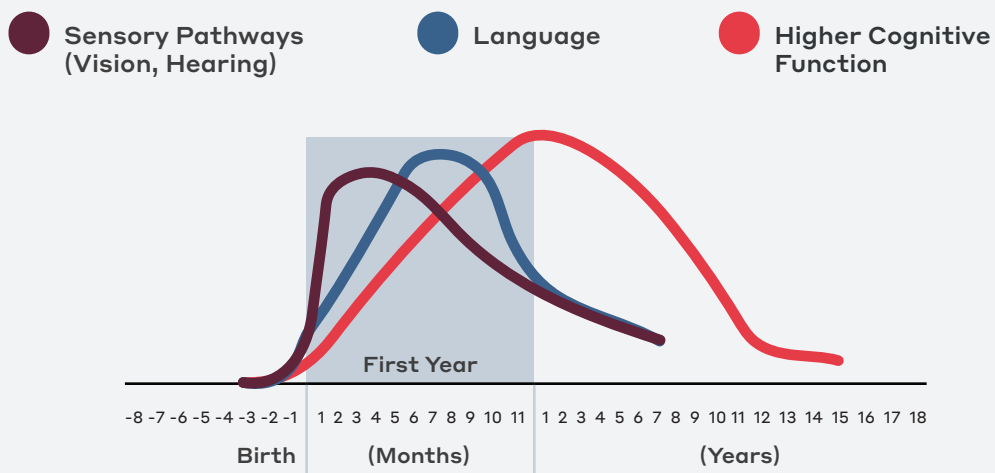
Decades of neuroscience and behavioral research illustrate why a child's first five years of life are the most critical periods in their brain development.¹⁹⁴ Brains are built over time; the basic architecture begins at birth and grows the fastest over the first five years, before continuing into adulthood.¹⁹⁵ One's earliest experiences affect the quality of that architecture by establishing either a strong or fragile foundation for the learning and behavior that follows. Just as a weak foundation compromises the quality and strength of a house, adverse experiences early in life can impair brain architecture, with long-term and negative effects that last into adulthood.

90% of the brain develops before age 5.

BRAIN DEVELOPMENT

The brain is most flexible and adaptable to learning during the earliest years, and as the brain matures, it is less capable of reorganizing and adapting to new or unexpected challenges. The emotional and physical health, social skills, and cognitive and linguistic capacities that emerge in the early years are all important for success in school, the workplace, and in the larger community.

Human Brain Development: Neural Connections for Different Functions Develop Sequentially¹⁹⁶



POSITIVE INTERACTIONS

Children’s brains require stable, caring, interactive relationships and positive experiences with adults.¹⁹⁷ A child’s attachment to their parents is primary, but they can also benefit from close relationships with other nurturing caregivers. Decades of research have shown that mutually rewarding interactions are essential prerequisites for the development of healthy brain circuits and increasingly complex skills. Unfortunately, children who face greater stress and adversity, such as living in poverty or facing repeated abuse, are at far greater risk for delays in their cognitive, language, and emotional development. The architecture of these children’s brains does not form as expected, which can lead to disparities in learning and behavior.¹⁹⁸

Building A Strong Foundation

A strong foundation in the early years increases the probability of positive outcomes, and a weak foundation increases the odds of difficulties later in life. Therefore, creating the right conditions for early childhood development is likely to be more effective and less costly than addressing problems at a later age. The science of early brain development clearly indicates that federal, state, and local officials should support the implementation of programs that promote a balanced and developmentally appropriate approach to the “whole child.” When parents, communities, and professionals are able to positively influence children’s social and emotional needs, they will have maximum impact on the development of strong brains. Public policies that provide parents with viable choices about how to balance their work and parenting responsibilities after the birth of a baby or adoption of a child are critical to establishing strong foundations for the next generation.

The Takeaway

Children only get one chance at learning the fundamentals. Every child deserves an equal opportunity to a quality educational foundation that will prepare them to grow, learn, and succeed in education, society, and life.

Strengthening Physical, Social-Emotional, and Cognitive Development Through Child Care

Equitable access to quality early child care and education can help children achieve their potential by providing them with a strong foundation. Quality early child care and education can help facilitate the holistic development of all children, improving both their cognitive and social-emotional functioning and their physical health. In this way, the foundation built through quality early childhood programs improves a child's chances to grow and learn across all aspects of their lives. Early child care and education leads to improved long and short-term health outcomes, language development, social-emotional development, and school readiness—all of which can contribute to enhanced, successful life outcomes.

QUALITY EARLY CARE AND EDUCATION IMPROVES PHYSICAL HEALTH

In addition to rapid brain development, early childhood is a time of fast physical changes, meaning that a child's early experiences have the potential to affect their lifelong health. Studies have found that children who received quality early care and education had significantly better health into their mid-30s than their counterparts who did not participate in these programs. This improved health begins upon enrollment, as research suggests that participation in Head Start is associated with increased health screenings, immunizations, and dental exams.¹⁹⁹ Participation in quality early programs has also been found to decrease rates of obesity, contributing to lower body mass indexes for enrolled children.²⁰⁰

Through adolescence and adulthood, children enrolled in quality early care and education programs saw lower blood pressure and cortisol levels, and improved cardiovascular and metabolic health.^{201,202,203,204} Further, positive early learning experiences can help prevent chronic diseases, such as hypertension, heart disease, and diabetes.²⁰⁵ In addition to directly impacting health outcomes, studies have shown that quality early care and education prompts healthier lifestyle choices and behaviors. Female participants were more likely to eat nutritious foods at age 21, more likely to exercise, and significantly less likely to start drinking before age 17, and participants of both genders were less likely to smoke cigarettes.^{206,207}

QUALITY EARLY CARE AND EDUCATION FACILITATES LANGUAGE DEVELOPMENT

The foundation for language development begins at birth. Research shows that vocabulary use at age 3 is predictive of language proficiency through at least fifth grade and is also a predictor of future academic and social success. Studies have also shown that high-quality early child care and education has a positive impact on language development at as early as 2 years old, with higher-quality care predicting better language performance at age 4.²⁰⁸ Evidence suggests that children living in poverty may hear 30 million fewer words by age 3, leading to lasting implications on children’s development, so quality early learning experiences that foster language acquisition are also important to support young children’s lifelong development. Further, data show that language ability prior to school entry was highest among children who had high-quality early care during both the infant-toddler and preschool periods, and lowest among children who did not have access to high-quality child care during either of these periods.²⁰⁹

QUALITY EARLY CARE AND EDUCATION PROMOTES HEALTHY SOCIAL-EMOTIONAL DEVELOPMENT

Early childhood serves as a unique opportunity to foster healthy social-emotional development, supporting young children’s ability to manage their emotions, express strong feelings in a productive way, regulate their behavior, develop empathy for others, and create and maintain relationships.²¹⁰ As children grow older, these skills are necessary to hold a job, work effectively in a team, become a contributing member of society, build and sustain intimate relationships, and parent successfully.²¹¹ A child’s social-emotional development is shaped by their early experiences and environments, meaning that quality early care and education can have a positive impact on how children relate to themselves and others. Through quality early care and education programs, children are provided with the opportunity to build stable, trusting relationships with adults—skills which they can later use to engage with less familiar adults.²¹² These relationships—including those with child care providers and educators—can impact a child’s sense of self, emotional security, and understanding of others, including their peers. Quality early childhood programs also serve as psychologically safe environments that allow

A child’s social-emotional development is shaped by their early experiences and environments, meaning that quality early care and education can have a positive impact on how children relate to themselves and others.

children to openly interact with their peers, develop strong social connections, and learn problem-solving and cooperation skills.

QUALITY EARLY CARE AND EDUCATION SUPPORTS SCHOOL READINESS

School readiness refers to a child's ability to easily and successfully transition into school. School readiness is a product of cognitive and social-emotional skills which underlie pre-academic ability, both of which are sensitive to early environmental experiences. Higher quality child care predicted greater school readiness, as measured by standardized tests, at 4 and a half years old and had enduring effects. Studies have shown that these same children who participated in quality early childhood programs continued to outperform their peers at 15 years old in literacy and numeracy skills.²¹³

A study of universal prekindergarten (pre-K) in Tulsa, OK, found that quality early childhood programs positively impacted letter-word identification, spelling, and applied problem scores across children from different ethnic and socioeconomic backgrounds. Children who attended pre-K were also more advanced in pre-reading, pre-writing, and pre-math skills than children who had not participated in early care and education programs.^{214,215} Similarly, a study of Boston's quality early education programs found increases to children's language, literacy, numeracy, and math skills and positive effects on executive functioning and emotion recognition.²¹⁶

As children learn and grow during the early years, skills are rapidly building on one another, thus making delays and gaps in early learning difficult to overcome. School readiness helps create a foundation for lifelong success and achievement on which to build a child's educational future to overcome. School readiness helps create a foundation for lifelong success and achievement on which to build a child's educational future.

The Takeaway

Access to high quality early care and education helps children learn and grow by improving their physical, linguistic, and social-emotional development, culminating in school-preparedness and ultimately assisting them in fulfilling their potential. Since environmental contexts and factors play an enormous role in shaping children's physical, social, emotional, and cognitive abilities, quality early care and education programs can not only actively shape positive outcomes, but combat adverse experiences that, unmatched, would likely hamper a child's ability to succeed. The United States must begin to view access to early child care and education as a comprehensive way to support the health and well-being of children among all demographics in many different aspects of their lives.

Investments in the Future Workforce

For every \$1 allocated for early childhood development interventions, the return on investment can be as high as \$13.²¹⁷ Pregnancy to age three are the most formative years in a child's development with more than 80% of the child brain being formed during this critical state of development.²¹⁸ Early childhood is a seminal development stage which requires safety, proper nutrition, and a nurturing environment in order to promote positive outcomes later in life. While countless research endorses the long-term benefits of effective early child support, socio-economic status is a key determinant in a child's health, access to quality education, and social mobility. While there have been significant strides to ameliorate poverty, 37% of all children in the U.S. will live in poverty during some point in their lifetime.²¹⁹ In fact, children living in poverty are at a greater risk of experiencing chronic illness, delayed development, poor social emotional relationships, and psychological difficulties.²²⁰

VALIDATING THE NEED FOR EARLY CHILDHOOD EDUCATION

The research is clear: children from economically disadvantaged backgrounds who attend quality preschool programming have long-term positive outcomes. These benefits include increased academic performance, greater financial security, reductions in juvenile incarceration and dropout rates, and the need for public assistance into adulthood.²²¹ In the 60 year longitudinal study of the Perry Preschool Project, respondents who participated in ECE were more likely to exercise and less likely to be diagnosed with adverse health effects such as diabetes, or engaged in high risk behaviors such as substance abuse.^{222a} In addition, during years of peak career productivity (26-40) male ECE participants exhibited higher employment rates of 42% and earned on average \$181,500 more compared to their non-ECE counterparts.^{223,224} Research concludes that the U.S.'s economic vitality is contingent upon the creation of opportunities for upward social mobility and the establishment of a well

Economists have calculated the return on investment of quality child care, finding that high-quality early care and learning programs can yield a \$4 to \$12 return per dollar invested.

educated workforce: both of which are positively impacted when children have quality ECE. ²²⁵

INVESTMENTS IN EARLY CHILDHOOD ARE A STRONG DRIVER FOR LIFELONG SUCCESS

Expanding ECE programming in the U.S. has residual advantages. Within recent years, financial investments for ECE programming have increased with states spending \$7.4 billion in 2016 to support early education for nearly 1.5 million 3- and 4-year-olds. ²²⁶

Nevertheless, the progress made as a result of these fiscal allocations are in juxtaposition to the approximately 6.4 million children receiving special education services, and of those 250,000 are retained each year, culminating in per pupil expenditures for special education and retention at \$8,000 and \$12,000, respectively. ^{226a} The long-term

economic ramifications are even more exorbitant considering that 373,000 students in the U.S. drop out of high school annually resulting in an estimated \$689,000 reduction in lifetime earnings and a \$262,000 deficit to the larger economy. ^{226b} Subsequently, these factors indicate the increased investments in ECE may curtail fiscal strains, ameliorate inequities, and improve educational outcomes.

Quality early childhood programs yield a 7% to 13% return on investment per year through better school and career outcomes and reduced spending on remedial education, health issues, and the criminal justice system. ²²²

The Takeaway

Investments in child care and early learning is an investment in the future. Just as positive experiences can lead to long lasting positive outcomes for young children, negative early childhood experiences can lead to deficits in capabilities, decreased productivity, and increased in social costs. To maintain a competitive economy and reduce societal debts, the United States must invest in the future, beginning with quality early child care and education. Such care fosters employment success and reduces social deficits creating economic growth for families, communities, and the nation.



Economic Impact of the Child Care Industry

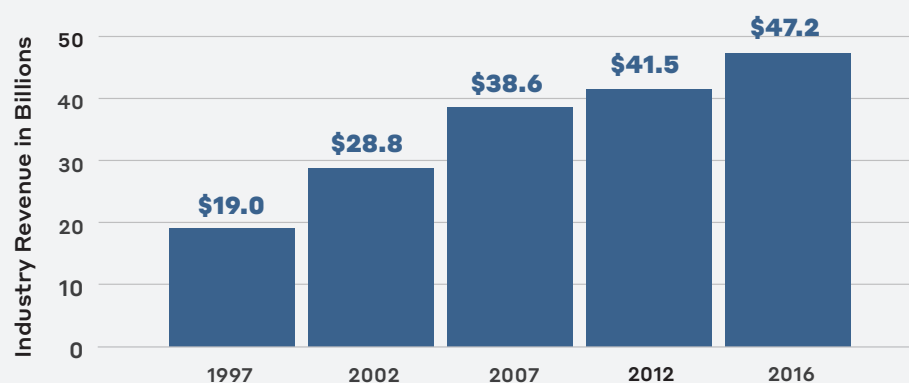
Child care plays an increasingly integral role in the nation's economic growth and productivity. The child care sector must continually evolve to meet the demands of working parents and employers, while the industry itself is a powerful force in regional and national economic growth. In addition to boosting labor participation, workforce productivity, and parents' household earnings, the child care industry contributes to the local economy by employing workers, purchasing goods and services, and stimulating economic activity in other sectors.²²⁷

1.1 million part-time workers cited problems with child care as the primary reason for not working full time on a regular basis in 2018.

WORKING PARENTS

Access to affordable child care allows for increased labor force participation and education of the workforce. In the United States, 66% of children under age 6 have all available parents in the workforce.²²⁸ It is an economic reality that working parents need safe, reliable, and affordable child care while they are at work. Without these options, parents will reduce their hours or opt out of the workforce all together, which will have detrimental effects on the household earnings of the family, their employer, and the broader economy. U.S. businesses lose approximately \$13 billion per year due to employees missing work, leaving work early, or leaving their job completely for child-care-related reasons.²²⁹

Child Care Industry Revenue : 1997 - 2016²³⁰



CHILD CARE AS A BUSINESS

The child care industry consists of a large network of small businesses, often home-based and operated by a sole proprietor. These businesses are sources of income for individuals and sources of economic growth in communities. In 2016, the child care industry was composed of about 675,000 market-based child care providers—most of which were family child care and home-based—that employed about 1.5 million workers.²³¹ With revenue of \$47.2 billion in 2016, the child care industry is comparable in size to outpatient medical care facilities, scientific research and development services, and advertising agencies.²³²

REGIONAL AND NATIONAL ECONOMIC GROWTH

As the child care industry has grown, it has come to play a significant role in regional and state economic productivity and growth. The estimated \$47.2 billion in direct revenue generated within the market-based child care industry is estimated to support about \$52.1 billion in spillover or related productivity in other industry sectors for an estimated combined total economic impact of about \$99.3 billion in the United States.²³³ Further, the regional impact of that spending is amplified because the production, delivery, and consumption of child care are entirely local. The outcomes include increased output in the broader economy, increased exports, reduced imports, increased competitiveness for industries intensive in the use of low-skilled labor, greater capital spending, and wage increases among high-skilled workers.

The Takeaway

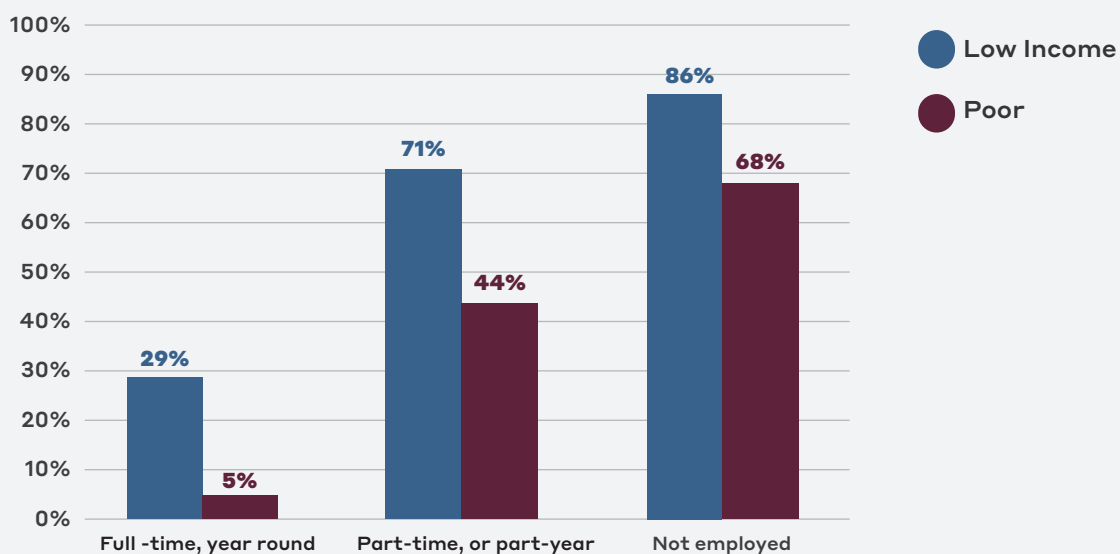
To effectively compete in the 21st-century global economy, the United States must have a highly educated workforce—one that starts with high-quality, affordable child care options for working families. Child care helps create stronger and more prosperous communities and improves the well-being of children and families.

Strengthening Families Through Child Care

Parents and families are the first and most important influence on a child's well-being and early development. In today's economy, young children are increasingly growing, developing, and learning both at home and in formal child care settings. Although each setting independently impacts a child, together the home and formal contexts interact to offer a unique influence. The family's engagement in their child's upbringing—both at home and in a formal setting—is critical to that child's success. Child care and early learning programs help strengthen families in several ways.

Nearly two-thirds of parents with children under age 5 are in the workforce and need safe, trustworthy, and affordable child care while they are at work supporting the well-being of their family.

Percentage of Children in Low-income and Poor Families by Parent Employment, 2016²³⁴



FAMILY ENGAGEMENT

One of the key predictors of academic achievement is the extent to which families are engaged, both by encouraging learning at home and by involving themselves in their child's education.^{235,236} When a parent or caregiver is involved in a child's education, the child is less likely to have behavioral problems and more likely to reach higher levels of achievement.²³⁷ Engaging parents in becoming their child's advocate at the earliest occasion establishes productive and trustworthy relationships, develops feedback loops, and helps providers and the broader community better understand the needs of the family and child.

PARENTAL SUPPORT

Children are more likely to thrive when their parents and families have the support they need. In a 2016 survey, approximately 80% of parents with young children agreed strongly that good parenting can be learned, and 69% said they would use more positive parenting strategies if they knew what those strategies entailed.²³⁸ Participation in child care and early learning programs often provides parents with supports and resources that can increase positive outcomes for children and families, including by building communities of support, offering comprehensive services such as health and mental health resources, and connecting parents to other community resources to help them reach their goals and fulfill their needs.

FAMILY SUSTAINABILITY

A substantial body of research confirms the link between a family's financial stability in a child's early years and the child's academic achievement, behavioral problems, and mental health.²³⁹ Similarly, multiple studies have shown that early development suffers when children lack access to basic needs like safe housing, health care, and nutritious food, and when their parents are financially stressed or overworked.²⁴⁰ Access to child care so parents can work is therefore a critical aspect of supporting families with children. The earnings these parents make can promote social mobility and even decrease dependency on public-assistance programs over time.

The Takeaway

Access to high-quality child care creates greater financial stability for families, meaning parents have more time to connect with their children, giving them a strong foundation to achieve their full potential.

Tribal Early Care and Education: Supporting American Indian and Alaska Native Children

Creating equitable early childhood programs in the United States means ensuring that disenfranchised groups, such as American Indian and Alaska Native (AI/AN) children, have access to high quality, culturally appropriate early childhood opportunities. AI/AN communities live within the context of historical and ongoing injustices spanning the legacy of colonization, genocide, disease, and forced resettlement that directly influence early childhood experiences. Preliminary evidence shows that increased federal funding tied to successful programs, such as Tribal Head Start, Tribal Home Visiting, and tribal child care, can support the early education and development of AI/AN children.

Key Points:

1. Programs aimed at supporting the early development of AI/AN children with a history of proven success require increased federal funding to maximize their impact and expand the scope of those they serve.
2. The full impact of any program cannot be measured without more comprehensive data collection; a key piece that is missing in federal tribal programs. Federal programs should be revised to ensure proper data collection can occur

SNAPSHOT OF AI/AN CHILDREN AND FAMILIES IN THE UNITED STATES

The United States boasts 573 federally recognized tribal nations and Alaska native villages and 326 federal Indian reservations, across which there are around 165,000 AI/AN children under 4 years old.²⁴¹ Despite the cultural differences distinguishing these tribes and reservations from one another, AI/AN people across the country face systemic hurdles to employment, physical and mental health care, and housing, resulting in disparities that begin at birth.

AI/AN children are at higher risk for adverse experiences in early care and learning environments, as they are overly excluded and mistreated.²⁴² Restraint and seclusion are disproportionately used against AI/AN children in these programs, among other harsh disciplinary tactics.²⁴³ In California, AI/AN boys are 2.5 times more likely and AI/AN girls are 3.7 times more likely to be

suspended from an early childhood program than their peers, contributing to the pattern of lower educational attainment among AI/AN people.²⁴⁴

Furthermore, nearly one-third of AI/AN children live in households below the federal poverty line and nearly half live in single-parent households.²⁴⁵ AI/AN children live in households that are almost twice as food insecure as other households and face the highest rates of child abuse and neglect, manifested in their overrepresentation in the foster care system — a rate that is 2.7 times greater than the national average.^{246 247}

Struggles with mental health are also rampant among the AI/AN community, as AI/AN adolescents have death rates two to five times higher than that of white adolescents of the same age, a result of higher levels of suicide and increased risk of other harmful behaviors like substance abuse. Suicide is the second leading cause of death, and 2.5 times greater than the national average, for AI/AN youth ages 10 to 24.²⁴⁸ These disparate outcomes are a culmination of many traumatic factors including widespread gang violence, domestic violence and sexual assault, poverty, high unemployment rates, racism, a lack of health insurance, minimal parental involvement, and lower levels of educational attainment.²⁴⁹ Table 1 provides data highlighting the systemic inequities that tribal nations continue to face.

Table 1: Data on AI/AN Families Compared to the National Average

Metric	AI/AN Population	National Average
Poverty rate for children from birth to five, 2017 ²⁵⁰	36.2%	19.6%
Extreme poverty rate for youth under the age of 18, 2017 ²⁵¹	16.4%	8.0%
Unemployment rate, 2018 ²⁵²	6.6%	3.9%
Infant mortality rate, 2017 ²⁵³	9.2 deaths per 1,000 live births	5.8 deaths per 1,000 live births
Child abuse and neglect, 2018 ²⁵⁴	15.2 per 1,000 children	9.2 per 1,000 children
Food insecurity in households with children, 2008 ²⁵⁵	28%	16%
Children without health insurance, 2017 ²⁵⁶	14.1%	5%
High school graduation rate, 2018 ²⁵⁷	74%	85%
College enrollment rate, 2017 ²⁵⁸	20%	40%
Teenage birth rate, 2017 ²⁵⁹	3.3%	1.9%
Opioid death rate among women, 2010 ²⁶⁰	7.3%	4.2%

FUNDING

Federally recognized tribes receive federal funding for their early care and education programs through a variety of streams, including the Child Care and Development Fund (CCDF), Head Start, Early Head Start, Temporary Assistance for Needy Families (TANF), and parts B and C of the Individuals with Disabilities Education Act (IDEA).

Unlike funding levels for states that are frequently determined by population size, federal law often sets funding levels for federally recognized tribes as a percentage of the total authorization level without regard to the population. The Department of Health and Human Services (HHS), for example, must allocate tribal grantees no less than 2% of discretionary CCDF funding and up to 2% of mandatory CCDF funding. However, by refraining from using population size to determine funding levels, many tribes may have more children than they were funded to serve. The exception to this rule includes IDEA Part B Grants to States and IDEA Part C Early intervention, which use tribal count data to determine allocation sizes.²⁶¹ However, tribal count data largely only reflects the number of AI/AN children living on reservations or other trust lands even though 78% of the AI/AN population lives outside of tribal statistical areas.²⁶² Tribal count data also imposes a burden of cost upon the tribes which is frequently not offset by the allocated funds.

Despite the systematic limited funding for tribes, programs that have early evidence of beneficial impacts on children in tribal communities include Head Start, Tribal Home Visiting, and tribal child care.

PROGRAMMATIC EVALUATION

Tribal Child Care

The Child Care and Development Fund (CCDF), authorized under the Child Care and Development Block Grant Act, provides child care assistance to AI/AN families. As mentioned above, HHS must allocate tribal grantees no less than 2% of discretionary CCDF funding and up to 2% of mandatory CCDF funding, amounting to \$58.3 million in mandatory spending and \$335 million in discretionary funding in FY2020. Consequently, because CCDF funding for tribes is subject to an arbitrary set aside, tribes may not receive adequate funding to comprehensively serve their AI/AN children and families. From 2011 to 2013, the most recent data available, only 6% of eligible AI/AN children received CCDBG subsidies.²⁶³

In order to receive funding, tribes are required to submit CCDF plans as their applications. However, unlike state CCDF plans, tribal CCDF plans are not made public and ACF releases limited information about AI/AN children who benefit from CCDF. Because of this, it is very difficult to capture the full impact of CCDF for AI/AN children and families.

Tribal Head Start

Access to quality early care and learning programs such as Head Start can provide a strong foundation for any child to learn, grow, and heal. Nationally, about 44,000 AI/AN children and their families are served by Head Start programs.²⁶⁴ Across 26 states, 25,000 of these AI/AN children and 500 pregnant women are served in one of the 150 Head Start or 58 Early Head Start programs that are operated by federally recognized tribes.²⁶⁵ In fiscal year 2019, HHS allocated \$320 million to AI/AN tribal governments for Head Start and Early Head Start.²⁶⁶

Enrollment in Head Start shows successes for AI/AN participants among many different facets of child development, culminating in improved school readiness. The AI/AN Head Start Family and Child Experiences Survey found that during the 2015-2016 school year, children who were enrolled in a tribal Head Start program saw gains in language, literacy, and math skills. They also showed improvements in social skills, approaches to learning skills, and executive functioning.²⁶⁷

Despite this initial evidence of success, tribal leaders frequently reassert their need for more Head Start funding to finance facility renovations, sanitation infrastructure, and transportation. In addition to Head Start, tribes stand to benefit from increased federal investments in their early care and education programs to increase capacity. According to the Administration for Children and Families (ACF), only 21% of AI/AN children attended a nursery or preschool program within a three-month period.²⁶⁸ Studies have found that AI/AN families are more likely to live in areas with an insufficient supply of licensed child care, reaffirming this deficit in quality early care and education.²⁶⁹

Tribal Home Visiting

A second federal program, Tribal Home Visiting, is part of the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program, which provides grants to states, territories, and tribes to help families with children younger than 5 years old. Like tribal CCDF funding, funding for Tribal Home Visiting is subject to an arbitrary set-aside. Of the \$400 million allocated to MIECHV in 2018 through FY2022, there is a 3% set aside for tribal communities, amounting to around \$12 million per year.^{270, 271}

Tribal Home Visiting is a culturally responsive program serving AI/AN children and families that strengthens tribal communities by promoting family resiliency, creating positive developmental environments, improving maternal and child health, and reducing child abuse. According to a 2015 report to Congress, Tribal Home Visiting grantees saw a 77% improvement in measures of prenatal care; an 85% improvement in reduced child injuries, abuse, neglect, or emergency room visits; a 92% improvement on measures of parental emotional well-being or parental stress; an 85% increase in rates of children

and families with health insurance; a 77% improvement in family economic self-sufficiency; a 77% improvement in reduction of crime or domestic violence; and a 59% improvement in school readiness and achievement, among other indicators of progress.²⁷²

Despite these benefits, in 2017, only an estimated 4,000 of the 342,100 eligible AI/AN families received home visiting services.²⁷³ While all 50 states and the District of Columbia received MIECHV grants, limited funding allowed only 23 of the 573 federally recognized tribes to receive these grants, effectively limiting access for AI/AN children and families.²⁷⁴

Data Gaps

In addition to an ongoing lack of funding that leaves AI/AN children behind, there continues to be a lackluster effort to systemically collect and track data to best evaluate tribal programs. Consequently, there is a dearth of existing data on AI/AN children and families. Although initial studies show the efficacy of programs such as Tribal Head Start and Tribal Home Visiting, it is difficult to gauge the full impact of these programs and others without comprehensive data collection, reporting, and analysis. In order to maintain updated figures on AI/AN communities and to begin to estimate the need for child care across tribal lands, ACF initiated the American Indian and Alaska Native Early Childhood Needs Assessment Design Project in 2016.²⁷⁵ Making a commitment to ensuring access to quality, culturally appropriate early child care and education programs for AI/AN children begins with an effort to collect accurate data in order to understand the scope of the need.

The Takeaway

AI/AN children face the unique challenge of combatting cumulative disadvantages resulting from decades of historical harm and mistreatment. There should be a concentrated effort to ensure programs that yield notable benefits for participants, such as Tribal Head Start, Tribal Home Visiting, and tribal child care, receive a more equitable distribution of federal funding as they shape strong foundations for children and families alike. However, the U.S. also needs to focus on more intentional data collection both on these programs and into general tribal demographics to understand the full impact of these programs and to better understand the scale of the need for early childhood services within tribal communities. Without more comprehensive data collection, it is difficult to realize the full impact of these programs or how to reform them if necessary.

Child Care Facilities: Quality Matters

With 15 million children under age 6 living in households in which all parents work, many families are in need of high-quality child care.²⁷⁶ The environments in which children learn, play, and grow are critical to shaping their development, so it is important that these spaces are both safe and developmentally appropriate. The physical infrastructure of many child care settings, however, has been long neglected, and many parents must decide between leaving the workforce or placing their children in substandard care. High-quality environments can lead to better outcomes for children, and it is critical to recognize that our nation's children cannot wait for greater investments in child care infrastructure that supports their development.

ENVIRONMENTAL HEALTH

States play an important role in ensuring child care facilities keep young children safe and healthy. Yet, even when child care programs are regulated, environmental hazards that harm children's development are dangerously present, including well-documented hazards such as lead and asbestos. In fact, only 11 states require licensed child care facilities to test their drinking water for lead: California, Connecticut, Illinois, Maine, New Hampshire, New Jersey, North Carolina, Oregon, Rhode Island, Vermont and Washington.²⁷⁷ And despite decades of research establishing the connection between asbestos exposure and chronic illness, only a third of states address asbestos in their laws and regulations for child care.²⁷⁸ To keep children safe, states should develop policies to reduce the presence of lead in the drinking water, asbestos, radon, carbon monoxide, water damage, and mold in child care facilities.

FACILITY DESIGN AND CHILD DEVELOPMENT

The environments in which young children learn, play, and grow directly shape their development, especially during their earliest years. Access to safe, high-quality, and developmentally appropriate settings and equipment—child-sized fixtures, appropriate acoustics and lighting, and dedicated spaces for play and engagement with others— helps promote children's healthy behaviors and independence. Investments that help providers exceed minimal health and safety requirements will result in strong outcomes for children.

- 1** Child-sized toilets, sinks, and other fixtures help children build competence, independence, and good hygiene practices. Toilet training is a learning experience for all young children. Without size-appropriate fixtures in child care facilities, young children will not learn how to use the bathroom independently. Similarly, child-height sinks allow young children to wash their hands independently, helping them develop good habits.
- 2** Bathrooms adjacent to classrooms and playgrounds help build autonomy for children and allow the teacher to closely monitor bathroom activities. When bathrooms are adjacent to classrooms, young children can walk to the bathroom independently while still in sight of a teacher. Shared bathrooms between classrooms can reduce facility costs.
- 3** Classrooms and common areas have windows to the outside world. Windows provide young children natural light and allow them to orient themselves to the outside world. Young children can also better observe weather, seasons, and different times of day.
- 4** Acoustics and noise levels are appropriate for the development of young children. Noise levels can have negative effects on children's memory, attention, and academic achievement. Conditions of facility space—including surface type, room size, and ceiling height—impact the acoustics and should be considered during the design process.
- 5** Playgrounds and outdoor spaces allow young children to connect with nature. Research shows that a child's connection to the environment can lead to reduced rates of child obesity, depression, and attention deficit disorder. It can also promote creative thinking and problem-solving skills. When playgrounds are designed, they should accommodate different activity types, including group and individual activities as well as dramatic play.
- 6** Entryways, common areas, and hallways are intentional spaces for early learning and development. These areas can provide transitional space when moving from one room to another, and if large enough, can be used as multipurpose spaces to promote gross motor skills and interactions with other children, parents, and teachers. Entryways provide a space for young children to observe activity before separating from parents.
- 7** Early learning facilities are comfortable and homelike. Facilities with warm, soothing colors; open spaces; and different types of lighting are more inviting for both parents and children. Further, spaces that resemble a child's home may promote self-expression.

The Takeaway

The conditions of child care facilities—both center-based and home-based child care—have an impact on children’s development. The physical infrastructure of these spaces, however, is a component of quality that is often overlooked. Greater investments should be made in child care facility improvements so children can learn, play, and grow in safe, healthy, and developmentally appropriate settings.

Characteristics of the Child Care Workforce

In 2019, more than 2 million child care workers, nearly all women, were employed in child care programs across the country, with a median hourly pay of \$11.65 an hour, or \$24,230 a year—well below the federal poverty rate for a family of four, which was \$26,200 in 2020.²⁷⁹ These workers were evenly split between center-based and home-based programs, with about 1 million working in 130,000 center-based child care programs serving almost 7 million children, and another 1 million working in home-based settings serving about 3 million children. This workforce is more diverse than the country's overall population.

Language. More than a quarter (27%) of the center-based early childhood workforce speak a language other than English at home, compared to 14% of the U.S. adult population.²⁸⁰ Within the child care workforce, teacher aides and assistants are more likely to speak a language other than English (32%) in comparison to lead teachers at 25%. Almost 1 in 5 workers in the early childhood field identify as immigrants (18%), roughly similar to the U.S. adult population as a whole (16%), though much higher in comparison to the total K-12 teaching workforce (8%).²⁸¹

Race & Ethnicity. Though a plurality of the early childhood workforce is white (56%), individuals working in the field are more diverse than the overall population, which is 76% white. About 15% of the early childhood workforce is Black (compared to 13% of the population), and fewer than 1 in 10 are Hispanic (7%, compared to 13% of the total population).^{282,283} This trend holds true in both center- and home-based child care workers, with the latter being 16% Black, 16% Hispanic, and 63% white.²⁸⁴ Teachers' aides are more likely to be minorities (33% Black, 42% Hispanic, and 32% white).^{285,286} The child care workforce is also more diverse than K-12 educators, 82% of whom are white.²⁸⁷

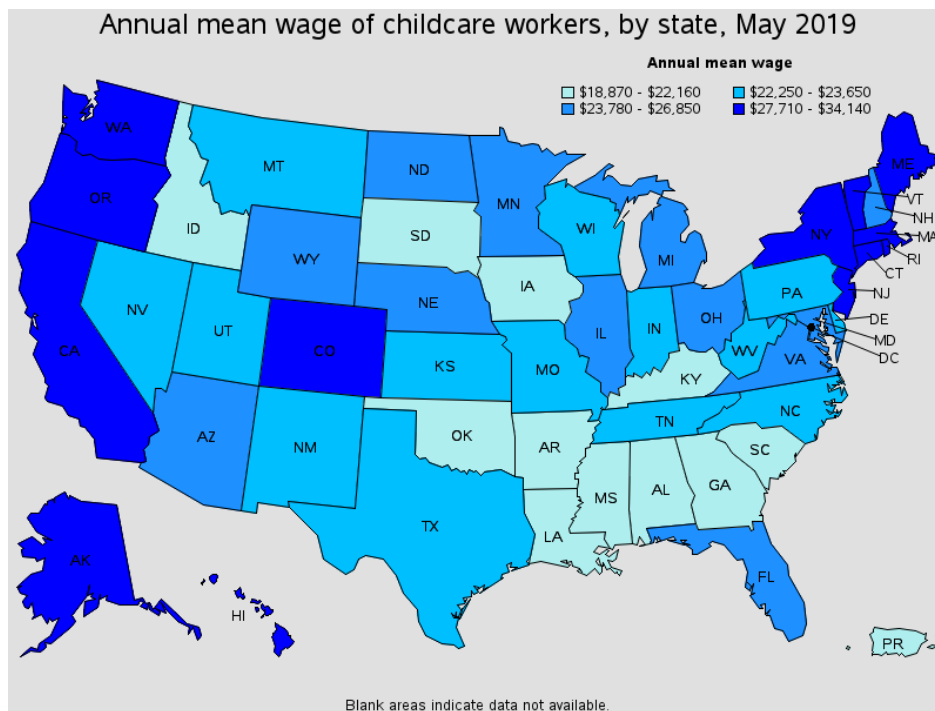
Income. The median pay of a child care worker was \$24,230 per year, or \$11.65 per hour, in 2019.²⁸⁸ This income is well below the federal poverty rate for a family of four, which is \$25,750 in 2019, leading to more than half (53%) of child care workers being enrolled in at least one main public benefit program—Medicaid, CHIP, EITC, SNAP, or TANF—compared to 21% of the U.S. population, despite 60% of the child care workforce working full time.^{289,290}

Child care workers who work with infants and toddlers, are minorities, or have a lower educational attainment, receive even lower wages on average. After controlling for education levels, child care workers that work with infants and

toddlers will make an average of \$2 less per hour than a worker who works with children aged 3-5.²⁹¹ Even after controlling for education, full-time Black child care workers earn an average of \$0.78 less per hour than their counterparts, translating to a wage loss of \$1,622.40 per year.²⁹²

Hourly Wages of Child Care Workers	No Degree	Associates Degree	Bachelor's Degree and Higher
Infants & Toddlers	\$9.68	\$11.85	\$13.83
Children Aged 3-5	\$10.73	\$13.11	\$17.86

Data from the National Early Care and Education Survey Project Team (2015). National Survey of Early Care and Education (NSECE), 2010-2015. Retrieved from <https://www.childandfamilydataarchive.org/cfda/archives/cfda/studies/35519>.



Graph from the U.S. Bureau of Labor Statistics, Occupational Employment Statistics Occupational Employment and Wages, May 2019, 39-9011 Childcare Workers. Retrieved from: [https://www.bls.gov/oes/current/oes399011.htm#\(1\)](https://www.bls.gov/oes/current/oes399011.htm#(1)).

Education. There are no uniform educational requirements across all state child care regulations to work in child care, and therefore, educational attainment varies widely. No state requires a bachelor’s degree for lead teachers, while Kentucky, Idaho, Montana, Oregon, South Dakota, and West Virginia do not have any minimum education levels for center-based child care staff.^{293,294}

Just over half of center-based teaching staff reported having some degree—17% an associate degree, 26% a bachelor’s degree, and 9% a graduate or professional degree—as compared to one-third (31%) of home-based providers.²⁹⁵

Educational attainment for workers caring for children ages 3-5 is slightly higher, 45% of whom have a bachelor’s degree compared to just 19% of those teaching younger children. Similarly, one-third of home-based providers (34%) have no higher than a high school education, and an additional one-third (34%) have some college-level education but did not complete a higher education degree.²⁹⁶

Age and Gender. Nearly all of the child care workforce (92%) are female.²⁹⁷ The average age of a female child care worker is 36, while male employees are generally a few years younger, with an average age of 32. Those working in home-based child care tend to be older than those working in center-based child care, with about 26% of center-based workers over the age of 50, compared to 38% of home-based workers in the same age group.

Benefits. Many child care workers do not have access to employer-based benefits—such as paid vacation or sick days, or health care—which are typically provided to encourage and promote retention.²⁹⁸ Specifically, less than half (47%) of the child care workforce receives employer-sponsored health insurance, including just 37% of those working in home-based child care programs. As a comparison, 63% of preschool teachers have employer-provided health insurance.²⁹⁹ Studies have shown that, after accounting for demographic differences between child care workers and other industries, the child care workforce is 27% less likely to receive health insurance than similar workers.³⁰⁰ A report by the Joint Economic Committee of Congress found that just 27% of child care workers had access to paid sick leave.³⁰¹

The Takeaway

The child care workforce plays a critical role in communities by supporting children’s healthy development and working parents. Research shows that positive, consistent, responsive, and stable relationships between children and child care workers provides the basis for a positive, foundational education and skills development in children. By supporting investments in education and workforce development for child care workers, and elevating the diversity of the child care workforce as a strength, increases the supply of quality early education across the county.

The Value of Family Child Care

Family child care—also known as home-based child care—is located in a residential setting, offering familiar environments to children and community locations for families. For parents, family child care supports parental choice in a mixed-delivery child care market that also includes center-based child care located in a commercial setting. Family child care meets the needs of parents and children in unique ways—including neighborhood-based locations and consistent, recognized caregivers—making this program type an important option in the nation’s child care system.

Program Structure. Family child care serves between three and 12 children in mixed-age groups in residences. Depending on state licensing requirements, family child care providers may or may not be required to live in the same residence where the family child care program is located. Family child care may be managed by a single person or with a small number of staff.

Family Access. Present in every community, family child care can serve families with barriers to child care access, including families that work nontraditional hours outside of 9 a.m.-5 p.m., live in rural communities, have infants and toddlers, or who have limited English proficiency. Forty percent of young children with working mothers spent more time in family child care than in any other child care setting.³⁰² Parents cite flexible hours, location, lower cost, mixed-age groups that allow siblings to be cared for together, and cultural and linguistic preferences as strengths of family child care.³⁰³

Family child care can be located close to homes and places of work in regions where transportation is challenging, which can be a suitable factor for rural communities.³⁰⁴ For parents working nontraditional hours, the residential setting and flexible hours make family child care a relevant option.³⁰⁵ For some children, the home-based setting of family child care is an ideal learning environment for their healthy development. Younger children are more likely to

Present in every community, family child care can serve families with barriers to child care access, including families that work nontraditional hours outside of 9 a.m.-5 p.m., live in rural communities, have infants and toddlers, or who have limited English proficiency.

be in family child care. While center-based child care serves primarily children ages three to five, family child care serves roughly an equal number of children under three years and children three to five years.³⁰⁶

Availability. There is a notable decline in the number of family child care providers across the country.³⁰⁷ In 2017, there were 121,220 licensed family child care programs in 50 states and the District of Columbia. This represents a 10% decline from 2011 and a 22% decline from 2008, when there were 134,920 and 155,230 licensed family child care programs, respectively.³⁰⁸ This decline is attributed to myriad issues, including low pay, long hours, lack of benefits, isolating work conditions, and an aging workforce. As family child care is the least compensated of all child care types, providers may also leave the field when unemployment rates are low in a community and wages are competitive in other industries.³⁰⁹

Funding. Family child care receives private payment for tuition directly from parents, and is able to access federal funding through the Child Care and Development Fund (CCDF), Head Start, and Early Head Start-Child Care Partnerships. In fiscal year 2017, 21% of children receiving CCDF-funded child care subsidies were in family child care programs. In five states—KS, MT, ND, NY, and OR—close to half of children receiving CCDF-funded child care subsidies were in family child care.³¹⁰ Most family child care has low profit margins, as family child care programs receive lower reimbursement rates for child care subsidy than rates for center-based child care. Subsidy reimbursement rates pay for a half-day or full-day of services, even as family child care programs often provide care for longer hours than center-based programs. Nearly 30% of programs earned all or almost all of their household income from providing child care, and an additional 18% earned more than half or about half of their household income from providing child care.³¹¹

“Most family child care has low profit margins, as family child care programs receive lower reimbursement rates for child care subsidy than rates for center-based child care. Subsidy reimbursement rates pay for a half-day or full-day of services, even as family child care programs often provide care for longer hours than center-based programs.”

Workforce. The child care workforce spans a wide age range, with those working in family child care tending to be older than those working in center-based programs. Approximately 38% of family child care staff are over the age of 50, while only 26% of center-based staff are in the same age range.^{312,313} The family child care workforce has lower levels of formal educational attainment than the center-based workforce. For instance, 52% of center-based staff reported

completing an A.A. or B.A. or higher, as compared to 31% of family child care workers.³¹⁴ Family child care also has a diverse workforce, often reflective of the demographics of the community in which a program is located. Diversity within family child care is a programmatic strength for dual-language learners. Research shows that family child care providers are more likely to speak the language of a dual-language child than center-based child care programs.³¹⁵

Supports. Family child care requires unique supports to ensure access, stability, and quality. Staffed family child care networks bring multiple family child care programs together to share services and resources, supports, and increase purchasing power, along with staff members who support the network's continuity. Such networks serve to strengthen the business practices of participating family child care programs. Some state child care regulations allow family child care programs to co-locate within a single physical site—called a family child care pod—and share back office functions, split the cost of facility expenses, and buy goods in bulk, reducing overhead costs. Flexible learning opportunities to participate in professional development—including evening training sessions, one-on-one in-home coaching, or online coursework—can grow the knowledge, skills, and abilities of family child care providers, especially those working alone.

The Takeaway

Family child care is a necessary component of a healthy child care market, yet is in decline throughout the country. In order to ensure children can participate in a child care program that best suits their development and to support parents who need child care, family child care must be included in policies and practices to strengthen all child care. At the same time, strategies must be specifically tailored to support the unique structure of family child care and the families they serve.

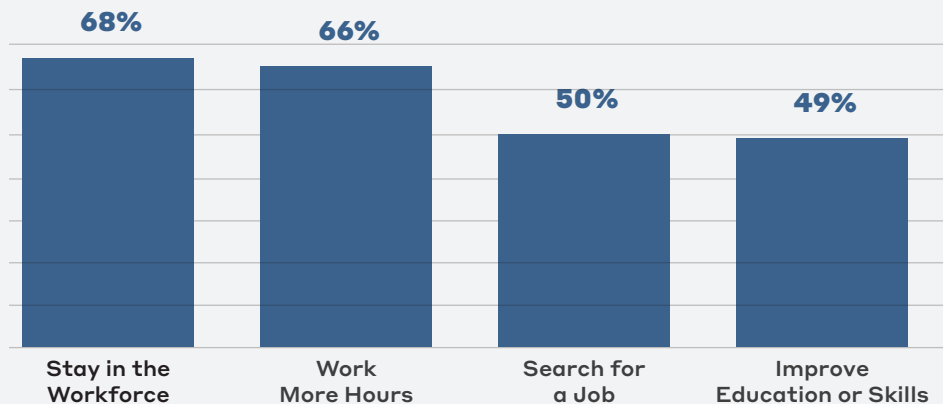
Parent Perspectives on Child Care

Efforts to improve the child care system—whether at the federal, state, or local level—must be centered around parents’ priorities for child care. This requires a concerted effort to identify the needs and preferences of parents with young children and understand how the existing child care system meets these needs and where it falls short. While strong anecdotal evidence exists about how parents struggle to afford high-quality child care that meets their needs, a deeper understanding of how the child care system impacts families’ lives is needed to ensure family experiences can truly drive child care policy.

The Bipartisan Policy Center conducted four national parent surveys between October 2019 and December 2020 to bring parent data to the forefront of policy discussions.³¹⁶ The results of these surveys provide key insights into parents’ needs and preferences and how child care access affects families and our economy. Below are several key themes and lessons learned.

Lack of Access to Affordable Child Care Affects Families

In 2019, being able to find child care impacted whether parents could:



Child care is unaffordable. In 2019, more than half of parents (54%) said that finding child care within their budget was somewhat or very difficult, and 17% of parents received financial assistance from a family member or relative to pay for child care expenses. To afford child care, parents said they...

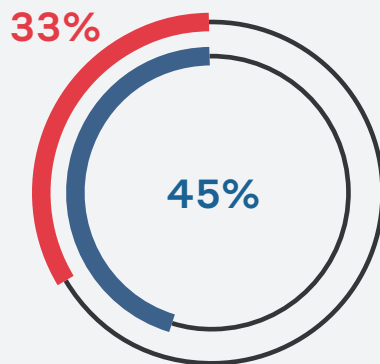
45% Tapped into Emergency Savings

42% Accrued Credit Card Debt

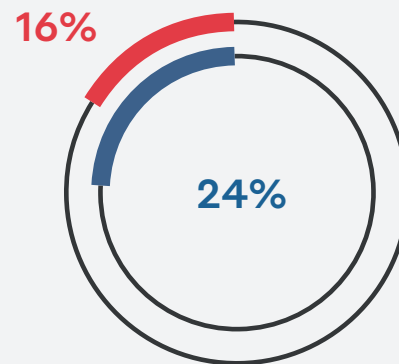
43% Delayed Setting Aside Money for Retirement

Child care demands disproportionately fall on mothers. In 2019, 34% of women and 26% of men reported reducing their work hours to help their families reduce their child care expenses.

In 2019, **mothers** and **fathers** said:



Finding child care had a large impact on staying in the workforce



They quit their job to stay at home with their child to help cover child care expenses

The lack of affordable child care hinders the economy. In 2019, some parents reported cutting back on workforce participation to reduce their child care expenses.

30% of parents reduced their work hours

43% changed their job in pursuit of more flexible hours

Understanding What Parents Prefer and Need

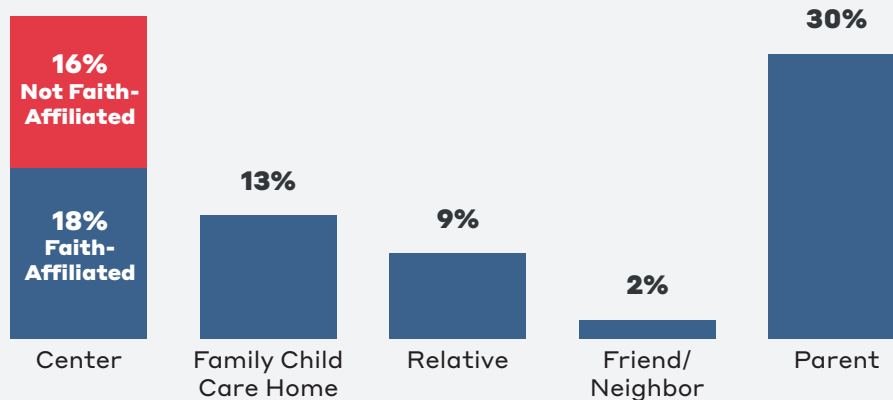
Many parents need 30+ hours of child care per week. In 2019, 63% of parents said they paid for 30 or more hours of child care each week. In August 2020, 44% of parents reported that they needed more than four full days of child care per week.

Parents prefer child care closer to home. In 2019, 60% of parents said they preferred child care closer to home, while just 27% preferred child care closer to their workplace or school. And to access child care, 86% of parents drive to their arrangement, but the distance they drive depends on community setting: 43% from rural communities, but just 30% from urban communities drive more than 10 miles.

Parents rely on relatives and friends for care. In 2019, 56% of parents said they relied on grandparents, family members, or friends for some of their child care needs. Families with incomes under \$50,000 and families with more children were more likely to rely on this informal network of support.

Many parents—but not all—are able to use their preferred arrangement. In January 2020, two-thirds (66%) of parents reported using a child care arrangement that aligned with their ideal child care type (if both price and accessibility were not factors).

Ideal arrangements in January 2020 for families with a single parent or two working parents:



Faith-affiliated centers are an important component of the child care system and that many working families would prefer to care for their children themselves. Their responses also revealed that the term family, friend, and neighbor (FFN) care does not reflect what parents actually want—parents overwhelmingly prefer to rely on relatives for child care rather than non-relative friends or neighbors.

The Impact of COVID-19 on Child Care Needs

Child care is necessary even during COVID-19. Of the families with two working parents at the outset of the COVID-19 pandemic...

49% are able to care for their children themselves

18% worked fewer hours to watch their children

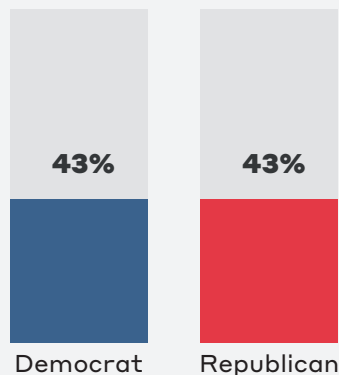
23% alternated work hours with their partner to provide care

Widespread child care closures impacted access. In August, 55% of parents reported that their previous provider was either closed temporarily, open with limited hours, or open with only limited spaces. Such closures persisted as 67% of parents reported the same in December. Strikingly, 9% of parents in August and 11% of parents in December reported that their previous child care provider closed permanently, causing long-lasting disruptions to the market.

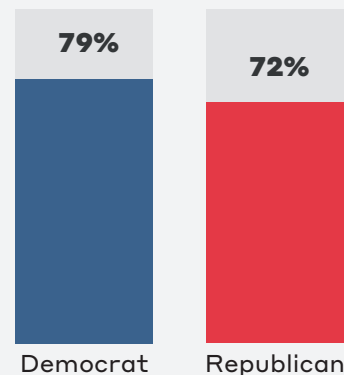
Health and safety concerns are paramount as families return to child care. About half of families said cleanliness/prevention of illness (51%), trust (48%), and a safe physical setting (43%) were among their top five most important factors when selecting their child care arrangement in December 2020.

Parents on both sides of the aisle support public child care investments. Despite differing political beliefs, federal support to ensure the child care system could rebound was something parents agreed on.

“Child care is an essential service that should remain open during COVID-19”



“The federal government is responsible for providing financial assistance to stabilize the child care market”



The Takeaway

These results are an important starting point to bring parent voices to policy conversations on improving child care. BPC's efforts to understand parents' child care needs and preferences are ongoing, and BPC encourages states and localities to engage parents in their communities to ensure a diversity of parent perspectives are heard.

Additional Resources

Early Care and Education Glossary

Accessibility: Refers to the availability of child care when and where a family needs it.

Affordability: The degree to which the price of child care is a reasonable or feasible family expense.

Appropriations: Annual decisions made by Congress about how the federal government spends some of its money. In general, the appropriations process addresses the discretionary portion of the budget—spending ranging from national defense to food safety to education to federal employee salaries—but excludes mandatory spending, such as Medicare and Social Security, which is distributed automatically according to formulas. Appropriations may also include programs that are not currently authorized.

Authorizations: Bills that create, extend, or make changes to statutes and specific programs and that specify the amount of money that appropriators may spend on a specific program. In many cases, appropriators may appropriate a different amount of funding than specified in the authorizing bill.

Blending and Braiding: Two financing strategies employed when two or more separate program funds are available to serve a group of children. Officials simply combine blended funds, which are generally not required to be tracked back to the origin, while braided funds must be attributed and tracked to their separate funding streams and must ensure there is no duplication.

Block Grant: A grant from the federal government that provides individual states and local governments broad authority and discretion in determining how to use funds to meet specified program goals.

Center-Based: Child care provided in nonresidential group settings, such as within public or private schools, churches, preschools, day care centers, or nursery schools.

Child Care and Development Block Grant (CCDBG): A federal block grant program that provides grants to states, territories, and tribes to subsidize the child care expenses of low-income working families with children. The program provides discretionary funding and legal requirements for the Child Care and Development Fund.

Child Care and Development Fund (CCDF): The combined term for mandatory and discretionary funding for states, territories, and tribes to administer CCDBG.

Child Care Capacity: The number of children that a child care provider can serve based on the number of slots available. Slots are either filled or un-filled.

Comprehensive Services: An array of coordinated services that meet the holistic needs of children and families enrolled in a given program, from health and developmental screenings to family literacy and parent education.

Early Head Start: A federally funded program serving infants and toddlers under age 3, as well as pregnant women, to support child development and to help parents reach economic independence.

Early Head Start-Child Care Partnerships: A federal initiative established in 2014 to integrate Early Head Start comprehensive services and resources into the array of traditional child care and family care settings in order to expand availability and improve quality of child care for infants and toddlers.

Eligibility: Refers to one's ability to qualify for a program or service based on program requirements, such as household income and related criteria, like family size, area of residence, and employment status.

Family Child Care: The work of child care providers in a professional caregiver's home who is not related to the children in their care. Also known as "home-based care."

Federal Poverty Level: The measure of a family's annual cash income, used by the government to determine eligibility for many needs-based programs, including Head Start.

Head Start: A federally funded and locally administered program that promotes school readiness for children under 5 from low-income families through education, health, social, and other services.

Home-Based Child Care: Also known as "family child care."

Infants and Toddlers: Generally referring to children ages birth through 3.

Licensed Child Care Provider: Child care programs certified by the state that meet certain requirements.

License-Exempt Child Care Provider: Child care programs that operate legally but that the state has not yet licensed.

Mixed-Delivery System: A term to describe the wide array of provider types, including center- and home-based providers, Head Start and Early Head Start programs, and state prekindergarten programs across the public, private, for profit, non-profit, and faith-based sectors.

Nontraditional Hours: Refers to the time outside of a typical nine-to-five, Monday-through-Friday day when a parent might be working or in school and thus might need additional access to child care.

Quality Rating and Improvement System (QRIS): A system used by states to assess, improve, and communicate the level of quality in early care and education programs. Ratings typically apply to providers based on a defined set of standards, and programs continually aim to improve their ratings.

School-Age Children: Generally refers to children older than age 5 who have entered kindergarten. School-age care, also known as out-of-school-time care, often takes place before and after school and during summer breaks.

State Median Income (SMI): The amount that divides a state's income distribution into two equal groups, half having income above the amount and half having income below the amount. SMI determines eligibility for many need-based programs, including CCDF.

Subsidy: Public or private assistance given to a family to reduce the cost of child care.

Temporary Assistance for Needy Families (TANF): A federally funded grant program that provides grants to states to design and operate programs that help needy families achieve economic security and child and family well-being, including through the provision of child care services.

Universal Preschool: A movement to make access to prekindergarten (usually for 4-year-olds) available to all children and families, regardless of the child's abilities or family income.

Vouchers and Contracts: The mechanisms of payment for child care assistance through CCDF. Officials issue vouchers directly to families, while contracts are pre-negotiated arrangements made between jurisdictions and child care providers.

Handy Acronyms

ACF: Administration for Children and Families

CCDBG: Child Care and Development Block Grant

CDCTC: Child and Dependent Care Tax Credit

CCDF: Child Care and Development Fund

ECE: Early Care and Education

ED: U.S. Department of Education

EHS-CCP: Early Head Start-Child Care Partnerships

ESEA: Elementary and Secondary Education Act

ESSA: Every Student Succeeds Act

FCC: Family Child Care

HHS: U.S. Department of Health and Human Services

IDEA: Individuals with Disabilities Education Act

MIECHV: Maternal, Infant, and Early Childhood Home Visiting Program

OCC: Office of Child Care

OHS: Office of Head Start

OFA: Office of Family Assistance

PDG B-5: Preschool Development Grants Birth through Five

QRIS: Quality Rating and Improvement System

SMI: State Median Income

TANF: Temporary Assistance for Needy Families

Child Care and Early Learning Funding

Child Care and Early Learning Funding Table (FY2017-FY2021)

Funding Levels		FY17	FY18	FY19	FY20	FY21
Child Care and Development Fund Appropriations (in billions)	Discretionary	\$2.856	\$5.226	\$5.275	\$5.826	\$5.911
	Mandatory	\$2.917	\$2.917	\$2.917	\$2.917	\$2.917
	Total	\$5.773	\$8.143	\$8.193	\$8.743	\$8.828
Head Start Appropriations (in billions)		\$9.3	\$9.9	\$10.1	\$10.6	\$10.8
Preschool Development Grants Appropriations (in millions)		\$250	\$250	\$250	\$275	\$275
Individuals with Disabilities Education Act (in millions)	Part B, Section 619	\$368	\$381	\$391	\$394	\$398
	Part C	\$458.6	\$470	\$470	\$477	\$482
Maternal, Infant, and Early Childhood Home Visiting (in millions)	MIECHV Total	\$372	\$400	\$400	\$400	\$400
	Tribal Home Visiting	\$12	\$12	\$12	\$12	\$12
Temporary Assistance for Needy Families Expenditure Data (expenditure data not yet available for FY20 or later)	Transfers to CCDF	\$1.288	\$1.498	\$1.302		
	Direct Spending	\$1.464	\$1.547	\$1.407		
	Total	\$2.752	\$3.045	\$2.709		

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1225 Eye St NW, Suite 1000
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