



## *Addressing the Child Care Crisis*

With more than 12 million children under the age of 5 in some form of child care across the country, and around 1.5 million Americans directly employed in the child care profession, child care is essential to America's economy and future prosperity. The impact of high-quality programs is profound: [quality early childhood education](#) can close the achievement gap in kindergarten and beyond, while boosting future earnings and decreasing the likelihood of involvement with the criminal justice system.

Our country's child care crisis predates the pandemic. According to research from the Center for American Progress in 2019, [more than half of the U.S. population was living in a "child care desert"](#) -- a Census tract with more than three children under age 5 for every licensed child care slot. Average tuition for two children was nearly \$20,000 per year. In nearly every region child care represents families' biggest household expenditure.

The COVID-19 pandemic hit the child care industry hard as many providers closed during stay-at-home orders. Increased costs due to health guidelines like smaller class sizes and personal protective equipment (PPE) have made reopening difficult. Child Care Aware of America estimates that 30 to 50 percent of providers may close permanently, resulting in even more competition for ever-fewer spots in licensed care facilities. [Minority parents](#), already hit hardest by the health impacts of the disease and the economic fallout, will also struggle the most to find affordable child care.

A lack of child care means Americans can't return to work: A [national survey of working parents](#) revealed that 13.3 percent of working parents had lost a job or reduced their hours because of a lack of child care, and many families currently relying on stopgap measures could face similar change in their employment. [Bipartisan Policy Center's survey of 1500 workers currently receiving unemployment benefits](#) found 60 percent of parents with no plans to return to work cited child care issues or school closures as the primary barrier to employment, while surveys of employers by the [U.S. Chamber of Commerce Foundation](#) revealed that 40% of employers are concerned that some of their employees will not fully return to work, with 79% of those employers identifying child care as a main factor.

Currently, federal assistance only reaches fewer than 1 in 10 eligible children in 43 states, and payment rates don't match with the cost of high-quality care, leaving a gap of at least \$7,000 a year in every state. The CARES Act included a significant investment in the child care sector, but more long-term aid is needed. Funding and policy changes at the state and local levels have a critical role to play, and leaders must emphasize the importance of child care access in reopening the economy while coordinating solutions that bridge gaps. States must also maximize the impact of federal investments by making structural changes that better support parents and providers alike.

## *Rebuilding a New Normal: Key Principles and Policy Goals*

- Reframe child care as a community and economic issue, and a public good rather than a service that should be controlled by the market.
  - ▷ Child care challenges can result in significant losses for state economies and employers: four states studied in 2019 before the pandemic found child care issues resulted in [\\$479 million to \\$3.79 billion in estimated annual losses](#) to the states' economies.
  - ▷ The market incentivizes low-cost care, but high-quality care has long-term benefits to society: early learning initiatives are [estimated to return about \\$8.60 for every \\$1 spent](#).

## Key Principles and Policy Goals, continued

- Prioritize resources for children 3 and under -- historically, preschools have received a lot of investment, leaving licensed child care slots for younger children even more scarce.
- Begin collecting state- and city-level data on child care availability, costs, and other metrics, or improve data collection to make it more easily reportable.
- Partner with Child Care Resource and Referral Agencies and other organizations to bridge gaps, connect families with care, and more efficiently distribute state grant money and other funds.
- Set an example by improving child care options or support for government employees:
  - ▷ Offer subsidies or support as an employer as an example for private companies.
  - ▷ Consider the creation of an in-house day care for government employees, either for the short-term duration of the pandemic or the long term.
- Support providers and the child care workforce directly, with assistance reopening during the pandemic and improving quality of care while keeping costs affordable:
  - ▷ Support providers to cover higher costs associated with care due to health guidelines, such as grants for PPE, funding for COVID testing for staff, and other costs.
  - ▷ Partner with departments of health or other agencies to facilitate access to PPE purchasing for child care providers, who may be struggling to purchase PPE alongside more major players like school districts with more negotiating power.
  - ▷ Given the need for smaller classes and more space, identify other facilities that could be repurposed to provide capacity, like public schools or senior facilities.
  - ▷ Consider direct support for ongoing operations for providers serving middle-income families who don't qualify for federal subsidies but still cannot afford child care.
  - ▷ Fund or subsidize training programs, professional development, and other methods to improve teachers' quality of care or to lower barriers to entry into the market for new providers.
- Supplement federal support for families with targeted funding:
  - ▷ Ensure essential workers have access to care by making available additional provider funding tied to children of these workers.
  - ▷ Consider grants to close the gap between federal assistance programs and the cost of high-quality care.
  - ▷ Work with employers and the private sector to help them expand assistance for their own workers in tandem with government support for families.
  - ▷ Repurpose unused public spaces for cooperative virtual learning spaces where parents can send kids for supervised virtual learning activities once school begins.
- Make high-quality providers more accessible for low-income children, and incentivize providers with many low-income children to improve quality
  - ▷ Provide tuition subsidies for high-quality childcare options, and use means testing to make higher amounts available to lower income families.
  - ▷ Link the level of subsidies a provider can receive to the quality of care offered (measured by early childhood quality rating systems if available), while investing in support for providers to meet benchmarks.
- State governments should use flexibility around federal program payouts to improve how they reach parents and providers:
  - ▷ Consider structuring pay based on enrollment rather than attendance, to support providers where many children are still at home with remote workers.
  - ▷ Extend or recertify family eligibility.
  - ▷ Reduce parent copays.

## Selected Examples from America's State and City Governments

### Setting an example with robust support for government employees:

In **Shelby County, TN**, **County Mayor Lee Harris** created the [Virtual Learning Academy](#), which gives county employees the option to apply to work from home to support their child's virtual learning, or to send their child to socially-distanced virtual learning classrooms set up in two Shelby County government office locations.

### Supporting providers:

- In Minnesota, a sweeping emergency child care grant package was implemented by the Governor and legislators, including **Senator Melisa Franzen**, in July to help providers bear the costs of implementing public health guidance as they reopened. The package, which came following three months of state support for providers during closures, provides a set amount of funding based on type of care for licensed providers with increased costs or lost revenue as a result of following public health guidance.
- **Long Beach, CA Mayor Robert Garcia** [partnered with a local innovation agency](#) to develop a [platform to connect families](#) in search of flexible home child care with vetted and qualified child care workers looking for jobs.
- **New Mexico** launched an [incentive pay plan](#), often referred to as hazard pay, for child care professionals at facilities that remained open during the state of emergency from April to June.
- **North Carolina** gave child care staff access to the [mental health helpline](#) created to support first responders and health care workers.

### Supporting families:

- **Nebraska Senator Kate Bolz** introduced a bill to raise qualifying family income to [expand access to federal child care assistance](#), acknowledging that workers seeking to develop new skills and transition to better work can often put themselves out of eligibility for child care before they're fully able to cover all of their family's expenses.
- **Richmond, VA Mayor Levar Stoney** partnered with the local YMCA to organize [emergency child care centers for the children of essential workers](#) immediately following the shutdown, and is now working to [repurpose school facilities](#) for emergency child care use, allowing a larger number of children to be served in one site while maintaining space for distancing.
- **Oregon** has [waived copays for employment related child care subsidies](#) from March through the end of the Governor's state of emergency period to ensure that families in need of assistance can afford care.

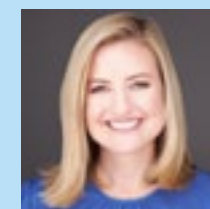
## Additional Resources

Center for American Progress: *Child Care Desert Interactive Map*

Child Care Aware of America: *The U.S. and the High Price of Child Care, 2019*

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### RENEWING AMERICA TASK FORCE CO-CHAIRS



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PHOENIX, AZ



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