NCSL LegisBrief
A QUICK LOOK INTO IMPORTANT ISSUES OF THE DAY
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More States Leaning Into Child Care

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High-quality child care provides significant benefits for children, parents, employers, and state and national economies, yet it remains in critically low supply nationwide. For the approximately 10 million children under age 6 who are cared for by someone other than a parent each week, high-quality child care can set them on a path toward school readiness. And it can positively affect their development in ways that have lifelong implications. For the nearly 60% of families with young children and both parents working, access to high-quality child care can lead to greater productivity, job growth and increased earnings. Employers realize higher outputs and revenues while states benefit from higher tax revenue, economic growth and children who are more likely to succeed in school.

Access to high-quality child care encompasses both availability and affordability, and families across the country struggle with both. Many families encounter limited options due to a lack of openings or "slots" in their area, which can be related to a shortage of qualified providers. Researchers estimate 51% of people live in a "child care desert"—a community without enough licensed child care providers to serve the number of children who need care. Families living in rural areas, families of color and low-income families are more likely to live in such deserts. Parents who work nonstandard hours are also more likely to struggle to find high-quality child care. The shortage of providers, due in part to extremely low wages and high turnover, further limits child care availability.

For many parents, child care of any kind is unaffordable. In some states, the average cost of care exceeds the cost of housing or college tuition. While the U.S. Department of Health and Human Services defines "affordable child care" as no more than 7% of a family's income, most families pay much more. One in three families spends at least 20% of their income on care for one child. Single-parent families spend an average of 35%. Parents of infants and toddlers face the highest costs. High-quality care, which requires providers to meet certain standards, including licensure, comes with a higher price tag. Many families, especially those who are low-income, settle for unlicensed or poorer quality care. Uneven access to high-quality child care means some children, often those who are economically or geographically disadvantaged, miss opportunities to develop social, emotional and cognitive skills during the most critical window of development.

Federal Action

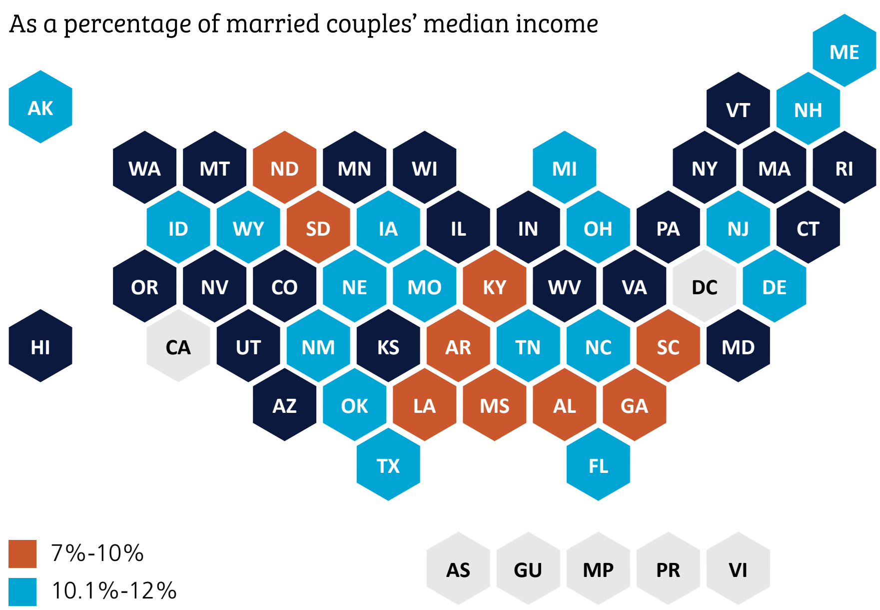
The reauthorization of the Child Care Development Block Grant (CCDBG) in 2014 brought comprehensive change to federal child care regulations for the first time in nearly two decades. Elevating the quality of child care, supporting children's health and safety, and helping parents make informed choices are central to the law. In 2018, Congress approved $2.37 billion in increased funding to help states meet the new requirements under CCDBG.

Did You Know?

- The national average cost for child care for one child ranges from $9,000 to $9,600 per year.
- The estimated total cost to parents, employers and taxpayers in lost earnings, productivity and revenue due to insufficient child care each year reaches $57 billion.

Average Cost For Center-Based Infant Care

As a percentage of married couples' median income



Source: Child Care Aware of America, 2018

The updated law requires states to spend an increased amount of set-aside funds on quality-improvement efforts, such as professional development or tiered reimbursement rates to child care providers based on their quality rating improvement system score. Under the law, at least 3% of quality set-aside funds must be used for improvements to infant and toddler care specifically.

The Child Care Development Fund, which is authorized by the CCDBG, provides financial assistance to help low-income families pay for child care. States are required to administer the money in ways that enable parents to work or attend job training or educational programs. New provisions support stable access to child care by extending eligibility for financial assistance from six to 12 months without recertification. The new provisions also allow for temporary changes to parents' employment status without loss of support. Both changes promote continuity of care, which is shown to improve outcomes for children.

State Action

Legislatures across the country have enacted legislation to bring their state into compliance with the updated federal law.

Several states and the District of Columbia have made child care more affordable for low-income families by expanding eligibility for child care assistance. Increased income limits allow more families in Washington and other states to qualify. Arkansas and others increased the number of child care assistance slots, allowing them to serve more families and reduce or eliminate waitlists. California, Colorado, Delaware, Florida, Illinois and Maryland are among the states that have codified CCDBG requirements to extend child care assistance eligibility periods. As a result, when parents lose their job or are temporarily not enrolled in an educational or training program, they are still able to receive child care assistance during the 12-month period of eligibility. New Hampshire legislation allows parents completing mental health or substance abuse treatment programs to continue receiving the state's child care benefit in lieu of meeting the work or training requirement.

States have also taken steps to address the availability of child care and shortages in the workforce. Florida, Minnesota, New York, Maine and Washington are examining availability in their states through legislative task forces or agency directives. More than half of all states are using increased CCDBG funding to raise payment rates for child care providers serving low-income families. This move helps providers stay in business and potentially increases access to child care. At least 15 states have increased funding for tiered reimbursement rates, which pay higher rates to providers with higher quality ratings and improve access to high-quality care.

Other efforts to recruit and retain high-quality child care providers include state funding for trainings, scholarships, loan forgiveness, wage supplements and apprenticeships. Legislation considered in Minnesota would fund business training, loans and mentoring for child care business cooperatives. Maine legislators are considering a bill to allow providers to share administrative services and costs. Lawmakers in Washington authorized grant funding for improvements and expansions to child care facilities. Early childhood educators in Louisiana and Nebraska may be eligible for tax credits depending on their qualifications, education and years of service. Most states offer tax credits or deductions for child care-related expenses to parents, as well as to employers who provide child care onsite or otherwise support their employees' access to child care.

Additional Resources

- "Building a Qualified and Supported Early Care and Education Workforce," NCSL
- "The U.S. and the High Cost of Child Care: A Review of Prices and Proposed Solutions for a Broken System," Child Care Aware of America
- "Workforce of Today, Workforce of Tomorrow: The Business Case for High-Quality Childcare," U.S. Chamber of Commerce Foundation
- "Child Care in State Economies," Center for Economic Development

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