

# High-Quality, Affordable Childcare for All: Good for Families, Communities, and the Economy



This is one of a series of issue briefs dedicated to helping community leaders and policymakers bolster their campaigns and strategies with the economic case for equity. The issue briefs correspond with the 13 planks of the Marguerite Casey Foundation's [Equal Voice National Family Platform](#). Additional issue briefs can be found at [www.policylink.org/focus-areas/equitable-economy](http://www.policylink.org/focus-areas/equitable-economy).

PolicyLink is a national research and action institute advancing economic and social equity by **Lifting Up What Works**®.

Marguerite Casey Foundation exists to help low-income families strengthen their voice and mobilize their communities in order to achieve a more just and equitable society for all.

## Overview

The face of America is changing: more than half of Americans under age five are of color, and by 2044 we will be a majority people-of-color nation. But while communities of color are driving growth and becoming a larger share of the population, inequality is on the rise and racial inequities remain wide and persistent. Dismantling racial barriers and ensuring that everyone can participate and reach their full potential are critical for the nation's prosperity. Equity—just and fair inclusion of all—is essential to growing a strong economy and building vibrant and resilient communities. This issue brief describes how increasing access to high-quality and affordable childcare benefits families, communities, and the economy.

## Why High-Quality, Affordable Childcare for All Matters

Good childcare—from the earliest stages of life—is critical for healthy child development and builds a strong foundation for lifelong health and economic success.<sup>1</sup> It also gives working parents the peace of mind they need to be productive at work.

But accessing high-quality care that is affordable, convenient, and consistent can be a challenge for many families, especially those with low incomes.<sup>2</sup> Many simply pay too much for reliable and quality care.<sup>3</sup> Others struggle to find arrangements

that work given their limited resources, fluctuating schedules, and non-nine-to-five work hours; instead they must patch together several arrangements and rely on relatives or neighbors to meet their childcare needs.<sup>4</sup> With little flexibility coming from their employers, the lack of stable childcare places them at risk of losing their jobs and incomes.

One in three working families in the United States struggles to meet their basic needs of housing, transportation, and childcare.<sup>5</sup> Expanding access to high-quality and affordable childcare can help these families realize their full economic potential and foster economic growth and prosperity.

### Reliable Childcare Is Good for the Economy

**\$3 Billion**

What U.S. businesses lose annually due to employee absenteeism as the result of childcare breakdowns.

**29%**

of employed parents have reported tardiness, absence, or reduced concentration at work due to childcare-related issues.

**23.5 Million**

Number of U.S. children in low-income working families.

**\$15.25**

The additional income parents receive for every dollar invested in formal childcare.

Sources: [Child Care Aware](#), [West Central Child Care Connection](#), [the Working Poor Families Project](#)

## The Economic Benefits of High-Quality, Affordable Childcare

Access to childcare is vital to economic growth and the nation's prosperity. Here are some of the ways in which reliable access to high-quality, affordable childcare benefits the economy.

- **Increased worker productivity.** Affordable and secure childcare contributes to a more productive workforce, reduces absenteeism, and improves employee retention. Among businesses that invest in childcare options for workers, 85 percent report improved employee recruitment and nearly two out of three report decreased turnover.<sup>6</sup>
- **Boost to businesses' bottom line.** Childcare breakdowns leading to employee absences cost businesses \$3 billion annually in the United States.<sup>7</sup> When businesses are proactive about addressing the accessibility and affordability of childcare, their bottom lines benefit. For every \$1 that employers invest in back-up childcare, they can receive a return of \$3 to \$4 due to increased employee productivity and reduced employee turnover.<sup>8</sup>
- **Employment and educational support for low-income working parents.** The childcare industry supports the direct and indirect jobs of many, and, with continued investment, could further grow employment opportunities. In one study of student parents at community colleges, 80 percent of respondents reported that the availability of childcare was very important to their decision to pursue education, and almost 60 percent said they would not have been able to continue college without childcare services.<sup>9</sup>
- **Higher earnings for parents in the workforce.** Childcare provides an essential infrastructure that allows parents to be employed outside the home and to provide for their families. Every dollar invested in the formal childcare sector results in \$15.25 in additional income for parents. In addition, affordable childcare increases family incomes by allowing more parents—especially mothers—to work. If childcare costs decreased by 10 percent, the employment rate for single women would increase by 2 percent, and for married women it would increase by 10 percent.<sup>10</sup> Full government funding of early-childhood education (including childcare) would increase overall maternal employment by up to 10 percent.<sup>11</sup>
- **Increased spending and tax revenues.** Public investment in affordable, quality childcare increases the ability of parents to work and the amount of tax revenues collected thus resulting in lower government spending over the long term. Every dollar invested in high-quality early-childhood education (including childcare) results in public savings of up to \$16 in costs related to special education, grade retention, criminal justice, and welfare.<sup>12</sup>

## Key Challenges to Ensuring High-Quality, Affordable Childcare for All

Several policy changes must be implemented to eliminate the barriers that limit access to high-quality and affordable childcare for working parents.

- **The high cost of care.** Childcare is expensive across the board and consumes a much larger share of household income for low-income working families. A family of three earning \$19,760 a year can expect to spend about 50 percent of their income on full-time, center-based care for an infant.<sup>13</sup> In 2012, the average cost for an infant in center-based care was higher than a year's tuition and fees at four-year public colleges in 31 states.<sup>14</sup>
- **Insufficient childcare subsidies.** The federal government provides financial assistance for childcare for low-income working parents through the Child Care Development Fund (CCDF), which was reauthorized in 2014 and expanded to improve the quality, continuity, and availability of childcare through state-level funding.<sup>15</sup> However, for various reasons, the program does not reach enough families in need, and less than 20 percent of eligible children receive assistance.<sup>16</sup> Often, these subsidies do not cover the full cost of high-quality childcare centers. Subsidies are also tied to employment; while the federal law does require states to provide a minimum job-search period, loss of work may still result in loss of subsidies and care.<sup>17</sup>
- **Barriers for immigrant families.** Low-wage working parents who are immigrants report challenges to accessing subsidies, including a lack of information, eligibility concerns relating to their immigration status, obtaining the documentation necessary to complete the application, finding the time to complete the application, and language barriers.<sup>18</sup>
- **Low wages for childcare workers.** Childcare workers generally earn low wages and often lack health insurance and other benefits. Full-time childcare workers earn an average of \$21,490 per year,<sup>19</sup> and approximately 95 percent of them are women.<sup>20</sup>

## Strategies to Increase Childcare Access for All

The reauthorization of the CCDF increased the availability and breadth of federal funding to support state childcare programs. But to increase the affordability and availability of quality childcare for low-income working families, state and local governments, companies, communities, and organizations must take the lead in advancing creative strategies.

- **Develop local revenue sources to increase childcare subsidies.** Additional sources of revenue can keep childcare affordable, provide a continuity of care even during temporary periods of job loss, and ensure access to high-quality centers. Palm Beach County is one of nine counties in the state of Florida where voters approved the creation of a special tax to fund additional services for children and families, including childcare.<sup>21</sup> The City of Seattle's Child Care Assistance Program also subsidizes the childcare needs of low-income residents.<sup>22</sup>
- **Increase availability and quality of childcare centers.** Locating childcare centers at transit-oriented development sites where public transit and housing are co-located can make drop-off and pickup much more convenient for parents who live in the area. States and localities are using innovative strategies to ensure childcare access and quality for low-income families. They are integrating affordable childcare into transit-oriented developments in low-income communities, such as in the Fruitvale Transit Village in Oakland and the Metro Center Transfer Point in Kansas City.<sup>23</sup> They are leveraging new developments by directing their impact fees toward childcare facilities, as Palm Desert in California has done.<sup>24</sup> They are setting high standards for early childhood education. For example, the state of New Jersey mandated that all three- and four-year-old children living in the state's highest poverty districts receive high-quality preschool instruction. By law, the salaries and benefits provided to teachers in these programs must be comparable to those of regular K-12 school teachers.<sup>25</sup>

- **Expand employer-provided childcare benefits for low-wage workers.** Employer policies and benefits may include in-house referral services or connections to external childcare resource and referral agencies; childcare subsidies; on-site childcare centers; and access to after-hours care for children while parents work evenings, weekends, or overtime.<sup>26</sup> ConAgra Foods, Inc., in partnership with a local Head Start program in Huntsville, Arkansas, helped to open a childcare center with extended operating hours to accommodate parents' late-night schedules and unexpected overtime.<sup>27</sup>
- **Raise the wages and quality of childcare jobs.** Research indicates that provider training, retention, and compensation are the best indicators of childcare quality. Training investments must be coupled with higher wages to promote employee retention and continuous professional development. In 2013, the Service Employees International Union (SEIU) Local 509 in Massachusetts successfully organized to increase compensation and expand training and professional development opportunities for providers. Their efforts also strengthened parents' right to choose their providers and secured funding to study the need for providing childcare during non-traditional hours to meet working parents' schedules. In North Carolina, the Child Care WAGE\$® Project provides education-based salary supplements for teachers and family childcare providers. The program is structured to simultaneously improve the quality of care, raise care-worker pay, and encourage consistency and retention.<sup>28</sup>
- **Promote innovative childcare models.** Center-based and home-based providers can reduce administrative and program costs utilizing a shared "hub," a centralized office that helps with financial management, payroll processing, and collaborative purchasing of food and supplies. By pooling resources to address the "backend" services, sites are able to redeploy their staff resources to professional development and instruction, while also providing benefits and higher wages to their workers. Continuing education for childcare providers can increase the overall quality of childcare services.<sup>29</sup> Sound Child Care Solutions in Seattle, Washington, and Early Learning Ventures in Englewood, Colorado, have implemented similar business models to support the professionalization of the childcare industry.<sup>30, 31</sup>

## Equitable Growth in Action

### Leverage Public-Private Partnerships to Ensure Continuous Quality Care

In 2010, Washington State's Department of Early Learning partnered with Thrive Washington to develop a comprehensive plan to provide high-quality birth-to-three childcare and early education for all children, with an explicit focus on advancing racial equity in early education. Building on the state's school readiness plan, the birth-to-three plan aims to strengthen connections among parents, caregivers, health care professionals, and other service providers. By investing in professional development for childcare workers, increasing subsidies to make quality care accessible for all families, and integrating health and wellness into developmental goals, Washington State is taking steps to build a more effective and equitable childcare system. In 2015, an additional investment of \$94.5 million brought the state's total early-learning budget to \$158 million, expanding services to 48,000 children in Washington and guaranteeing a full 12 months of benefits for the 31,000 children enrolled in Working Connections Child Care, the state's subsidized childcare program for low-income families.

**Sources:** [Washington State Birth to 3 Plan](#), [Thrive by Five Washington](#), [Washington State Department of Early Learning Blog](#)

## Learn More

- [California Child Care Resource & Referral Network](#) Promoting affordable, quality childcare and providing support to a network of resource and referral programs in California.
- [Zero to Three](#) Research-based policy center focusing on the developmental needs of infants and toddlers.
- [National Domestic Workers Alliance](#) Coalition working to secure state, national, and international labor protections for domestic workers.
- [Child Care Aware](#) Childcare information hub featuring research and resources for parents and providers.
- [National Association for the Education of Young Children](#) Connecting research, policy, and practice to promote early learning for children from birth to age eight.

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## Notes

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