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To: President-Elect Barack Obama
CC: U.S. Congress
From: Shriver Center

In re: Antipoverty Recommendations

1. Strengthen Civil Rights
2. Reform Health Care
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4. Solve Federal Fiscal Problem
5. Preserve Affordable Rental Housing
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7. Foster Career Advancement
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A Federal Agenda for Affordable, Quality Child Care

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Affordable, quality child care is a basic human need for working parents who must ensure their children's safety and well-being while the parents are unavailable to provide care. A vital work support for parents, child care promotes children's healthy cognitive and emotional development and readiness for school—an advantage documented by an explosion of research.¹ But quality child care is well beyond the means of many low-income families.² Ensuring that all working parents have access to quality child care is a core element of promoting opportunity, making work possible, and making work pay.³ Federal child care policy must begin by recognizing the central importance of affordable quality child care.⁴

Many low-income working parents access quality child care through state child care assistance programs that are primarily funded by the federal Child Care and Development Block Grant (CCDBG) and matching state funds.⁵ States add federal funds from their Temporary Assistance for Needy Families (TANF) block grants and TANF maintenance-of-effort state funds.⁶

The goal of federal child care policy should be access to affordable full-day, full-year quality child care for every family that needs such care to enable parents to move into and succeed in the workforce. Families cannot achieve economic stability and upward mobility in employment, and children do not experience genuine opportunity to succeed in school and in life, unless affordable, quality child care is available. The benefits—a more stable workforce, increased tax revenues, lower child poverty, and

¹See WORKING FAMILIES AND GROWING KIDS: CARING FOR CHILDREN AND ADOLESCENTS 105–22 (Eugene Smolensky & Jennifer Appleton Gootman eds., 2003).

²See NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES, PARENTS AND THE HIGH PRICE OF CHILD CARE (2008 Update), www.naccrra.org/docs/reports/price_report/Price_Report_2008.pdf.

³See John Bouman et al., *Improving Work Supports: Using the Family Resource Simulator to Identify Problems and Test Solutions*, 41 CLEARINGHOUSE REVIEW 582 (March–April 2008).

⁴For purposes of this article and of federal policy, child care must be distinguished from other early care and education programs such as state prekindergarten and Head Start, which are typically part-day programs restricted to 3- and 4-year-olds. Child care refers to the full-time, full-year care that permits parents to work.

⁵42 U.S.C. §§ 9858 *et seq.* (2006); 45 C.F.R. § 98 (2007).

⁶See ADMINISTRATION FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CHILD CARE AND DEVELOPMENT FUND REPORT TO CONGRESS FOR FY2004 AND FY2005 37–41, www.acf.hhs.gov/programs/ccb/ccdf/rtrc/rtrc2004/rtrc_2004_2005.pdf. States use other funds as well, but Child Care and Development Block Grant (CCDBG) and Temporary Assistance for Needy Families are the primary sources of support for child care assistance programs.

improved school and life outcomes for children—are beyond dispute.⁷

Although the CCDBG provides 57 percent of child care assistance funding in the United States, the block grant has never come close to meeting the need. States have had to make difficult trade-offs. Some have set income eligibility guidelines too low, rendering families ineligible for assistance long before they can afford the full cost of care. Some states have instituted waiting lists, forcing parents on the lists (and others who, knowing of long lists, do not even seek assistance) to use care that is of poor quality or so unreliable that they risk loss of their jobs when child care falls through. Some states have set the parents' share of the cost of care, called the family copayment, too high for families to afford. Some have set the rates at which child care providers are reimbursed so low that families cannot access quality care through the child care assistance program, and providers who rely on child care assistance payments cannot maintain quality standards. States have let other components needed to maintain and enhance the quality of child care go unfunded.⁸ Currently only one in seven income-eligible children is served by the program, and, with virtually flat funding for several years, the Bush administration estimates that 300,000 children will lose assistance between the 2006 and 2010 fiscal years.⁹

If children are to thrive in quality child care settings and low-income parents are to achieve stability in the workforce, certain basic principles must shape a revamped and adequately funded child care and development block grant:

- Quality child care must be affordable and accessible for all children whose parents are working or otherwise unavailable to provide care.
- Parents must have a variety of child care options from which to choose.
- Quality must be promoted in all child care settings.
- Special attention must be paid to the needs of hard-to-serve populations.¹⁰

Affordable Access to Quality Child Care

While the child care workforce is poorly paid, for families child care is very expensive.¹¹ The average annual cost of care for a preschooler at a child care center ranges from about \$3,000 to \$11,000, depending on location; for an infant, the range is \$5,000–\$15,000.¹² In forty-three states the average annual cost of care for an infant in a child care center is higher than a year's tuition at a public college.¹³ In 2005 low-income families spent half their income on housing, 20 percent on food, and 23 percent on transportation, leaving only 7 percent for all other expenses, including child care.¹⁴

⁷See JEAN BURR & ROB GRUNEWALD, FEDERAL RESERVE BANK OF MINNEAPOLIS, LESSONS LEARNED: A REVIEW OF EARLY CHILDHOOD DEVELOPMENT STUDIES (2006), www.minneapolisfed.org/publications_papers/studies/earlychild/lessonslearned.pdf.

⁸See KAREN SCHULMAN & HELEN BLANK, NATIONAL WOMEN'S LAW CENTER, STATE CHILD CARE ASSISTANCE POLICIES 2007: SOME STEPS FORWARD, MORE PROGRESS NEEDED (Sept. 2007), www.nwlc.org/pdf/StateChildCareAssistancePoliciesReport07Web.pdf.

⁹U.S. Department of Health and Human Services, New Statistics Show Only Small Percentage of Families Receive Child Care Help (Dec. 6, 2000), www.hhs.gov/news/press/2000pres/20001206.html; Jennifer Mezey et al., Center for Law and Social Policy, The Vast Majority of Federally-Eligible Children Did Not Receive Child Care Assistance in FY 2000 (2002), www.clasp.org/publications/1in7full.pdf; Office of Management and Budget, Analytical Perspectives, Budget of the United States Government, Fiscal Year 2008 (2007), Table 25-5: Beneficiary Projections for Major Benefit Programs 375, www.whitehouse.gov/omb/budget/fy2008/pdf/apers/estimates.pdf.

¹⁰For a different set of policy recommendations, see NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES et al., A VISION FOR THE REAUTHORIZATION OF CHILD CARE (2008), www.nwlc.org/pdf/ChildCareReauthorizationVision.pdf.

¹¹The average salary for child care workers in 2004 was approximately \$18,000 (Center for the Child Care Workforce, Salaries for Staff, Costs to Children 4 (2006), www.ccvw.org/pubs/2005Compendium.pdf).

¹²See NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES, *supra* note 2, at 7.

¹³*Id.* at 9.

¹⁴U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, CONSUMER EXPENDITURE SURVEY 2005, www.bls.gov/cex/csxann05.pdf. Across income levels, in 2005 the average family spent half its income on housing, food, and transportation combined, leaving the remainder for other expenses (*id.* at 9). Note that these figures predate the recent increases in the cost of food and transportation.

To ensure affordability the upper-income limit for eligibility for child care assistance must be adequate; family copayments must be affordable and set on a sliding scale; and the child care tax credit must be expanded and harmonized with child care assistance so that assistance is available when parents are working, looking for work, and studying to enhance their employability and earnings power. Administrative barriers to child care assistance must be eliminated.

Child Care Assistance Income Limit that Avoids the “Cliff Effect.” Given the cost of care, no family with an income below 200 percent of the federal poverty level—roughly \$35,000 for a family of three and \$40,000 for a family of four—can afford quality child care. A lower income limit exacerbates the “cliff effect,” whereby a slight increase in income can cause a significant net financial loss through sudden ineligibility for child care assistance. A family facing such circumstances has three choices: forgo a promotion or pay increase, pay the full cost of care and thus actually lose ground financially, or give up the family’s child care in favor of either inadequate care or loss of employability. The cliff effect creates perverse results as parents turn down promotions, raises, and overtime to make sure that they do not exceed the child care assistance income guidelines.

Eligibility for child care assistance should be based strictly on family income and should not be “categorical,” that is, tied to a parent having received welfare. As a matter of equity, two families with the same income should have the same access to child care assistance.

An eligibility limit of 200 percent of the federal poverty level would be a major improvement over many states’ current income guidelines.¹⁵ However, this level will not eliminate the cliff effect.¹⁶ The eventual goal for income eligibility should be 300 percent of the federal poverty level, adjusted by the amount of the child care tax credit available to families (this tax credit should itself be reformed; see below).

Affordable Copayments. States should set family copayments on a sliding-fee scale; all families should make a copayment, but in setting the amount states should recognize that the average American family spends 9 percent of its income on child care.¹⁷ Low-income families cannot spend more than this, and lower-income families can afford even less. States should have sufficient funding to set copayments on a sliding-fee scale that does not exceed 10 percent of a family’s gross income, 3 percent for families with incomes below 100 percent of the federal poverty level, and nominal amounts for families in extreme poverty with incomes below 50 percent of the poverty level.¹⁸

Modification of the Child Care Tax Credit. The child care tax credit currently provides a small benefit to middle- and upper-income families.¹⁹ The credit should be made refundable to help low-income families who have no federal income tax liability and should be indexed to annual changes in the cost of living.²⁰ The credit should work in conjunction with the child care assistance program to make quality child care affordable for all working families.²¹

¹⁵See CENTER FOR AMERICAN PROGRESS, FROM POVERTY TO PROSPERITY: A NATIONAL STRATEGY TO CUT POVERTY IN HALF (April 2007), www.americanprogress.org/issues/2007/04/pdf/poverty_report.pdf.

¹⁶See Bouman et al., *supra* note 3.

¹⁷Urban Institute, *Getting Help with Child Care Expenses* (2003), www.urban.org/UploadedPDF/310615_OP62.pdf.

¹⁸For a similar recommendation regarding copayments, see Mark Greenberg, *Next Steps for Federal Child Care Policy*, 17 THE FUTURE OF CHILDREN 73, 84 (Fall 2007), www.futureofchildren.org/usr_doc/04_5565-4_greenberg_revised.pdf.

¹⁹NANCY DUFF CAMPBELL ET AL., NATIONAL WOMEN’S LAW CENTER, MAKING CARE LESS TAXING: IMPROVING STATE CHILD AND DEPENDENT CARE TAX PROVISIONS (2006), www.nwlc.org/pdf/MakingCareLessTaxing2006.pdf.

²⁰*Id.* at 11–13.

²¹See Bouman et al., *supra* note 3 (demonstrating graphically how this expansion of the credit, coupled with the child care assistance reforms described here, completely eliminates the cliff effect).

Child Care Assistance for Parents in School and Looking for Work. Child care assistance should, within reasonable guidelines, be available to parents enrolled in school or training programs at any level (e.g., literacy, GED (general educational development), vocational training, and two- or four-year college programs) as well as those who are working. Child care assistance should also be available for a reasonable period to those looking for work. Such a policy recognizes child care assistance as an essential component of a larger strategy that facilitates not only parents' entry into the workforce but also their ability to increase their earning power through education and training.

Removal of Administrative Barriers. For too many eligible families, administrative barriers hinder their receiving child care assistance. These barriers include overly bureaucratic applications, recertification and reporting requirements, stringent and repetitive documentation rules, and appointments that are inconsistent with work schedules. Much research is available on how to avoid these barriers, and states should be encouraged to take advantage of model procedures.²²

Parental Choice

Parents choose child care providers based on many different criteria. Some place primacy on their trust in a known caregiver who shares their values and culture, is available at flexible hours, and offers convenience. Others are more concerned about the caregiver's educational credentials. Some prefer a home setting; others prefer a center. Preferences often change as a child gets older. In many areas so little licensed care is available during the hours that parents work that license-exempt care from friends, neighbors, or family is the only option.²³ All of these

choices are valid and should be available, and steps should be taken to enhance the quality of care in all of these settings.

Participation by any Child Care Provider Who Complies with State Licensing Laws. State child care assistance programs must respect parental choice, whether for a center, a licensed home, or a family member, friend, or neighbor caring for a small number of children and therefore exempt from licensing requirements. Excluding nonrelative, unlicensed home providers from the program, as some have proposed, would deprive parents of choice, further impoverish providers whom parents would continue to use in any case, and penalize parents whose work location or hours make licensed care unavailable.²⁴ In each instance, children would receive care in even more under-resourced environments. Instead of excluding these providers from the program, states should offer them training and support to enhance their capacity to provide quality care.

Requirements for Nonrelative Caregivers. To ensure children's safety, caregivers who participate in the child care assistance program should be required to pass criminal background checks that screen for violent crimes and registered sex offenders, to pass child abuse and neglect tracking system checks, and to meet basic health and safety standards.

Adequate Training Tailored to Providers' Needs. A variety of training should be available to all types of child care providers and should be delivered in a way that facilitates their participation. Expectations regarding attendance must be reasonable. Training should link providers to other essential children's programs, including health and nutrition programs and early intervention developmental screening programs.

²²See KATHLEEN SNYDER ET AL., URBAN INSTITUTE, STRATEGIES TO SUPPORT CHILD CARE SUBSIDY ACCESS AND RETENTION: IDEAS FROM SEVEN MIDWESTERN STATES (2006), www.urban.org/UploadedPDF/411377_subsidy_access.pdf.

²³Research indicates that roughly one-quarter of the children receiving child care subsidies nationwide are in family, friend, and neighbor care (KATHLEEN SNYDER ET AL., URBAN INSTITUTE, CHILD CARE VOUCHERS AND UNREGULATED FAMILY, FRIEND, AND NEIGHBOR CARE (2008), www.urban.org/UploadedPDF/411665_child_care_vouchers.pdf).

²⁴See, e.g., NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, LICENSING AND PUBLIC REGULATION OF EARLY CHILDHOOD PROGRAMS (rev. 1997), www.naeyc.org/about/positions/pdf/PSLIC98.PDF.

Promoting Quality Care

Besides making it possible for parents to work and make ends meet, child care policy must consider children's developmental needs. A number of strategies and investments would enhance child care quality.

Expansion of the CCDBG Quality Set-Aside. Currently states must set aside 4 percent of their CCDBG funds to use for initiatives that enhance the quality of care.²⁵ CCDBG funding should allow this set-aside to be expanded without diminishing the expansion of eligibility and affordability.

Enhancement of Workforce Compensation and Training. Continuity is an essential component of quality care, but the child care workforce is so poorly compensated that turnover is high—between 25 percent and 40 percent annually.²⁶ Adequate pay and training and other forms of support should be a primary focus of efforts to improve the quality of child care.²⁷

Equal Access Through Adequate Reimbursement Rates. Child care assistance programs should reimburse providers at rates high enough to assure that low-income children have equal access to quality care; under federal guidelines, rates should be high enough to purchase at least three out of four slots in the child care marketplace to meet this standard.²⁸ To be sure that their rates maintain this guarantee of equal access, states must survey market rates regularly, at least every two years. However, many states offer reimbursement rates that do not pay for three of four slots in the child care marketplace and thus fail to ensure equal access.

Higher Reimbursement for Higher-Quality Care. Many states reward child

care providers financially when they meet defined benchmarks of higher quality care.²⁹ This is a vital strategy for raising program quality.

Maximizing Access to Part-Day Early Education Programs. Early education is receiving greater attention, driven by research emphasizing the importance to child development of the first years of life. Head Start programs have long occupied this field effectively, and school districts are expanding prekindergarten programs. Coordinating these programs with child care settings allows complementary use of resources and enhances the benefits to children.

Funds for Capital Improvements. The availability and quality of child care depends to a great extent on appropriate and safe facilities, equipment, and supplies, kept in good repair and up to date. Most child care providers have difficulty accessing funds or credit for such capital outlays. New strategies and funds should be developed to support facilities and equipment.

Hard-to-Serve Populations

Discrete groups of children have extra difficulty in gaining access to affordable, quality child care, and thus federal child care policy must pay particular attention to them.

Children with Special Needs Based on Physical Disabilities or Developmental Delays. Child care providers should receive training on inclusion of children with disabilities in their programs. Training should cover providers' obligations under the Americans with Disabilities Act, technical assistance that is readily available to help providers accommodate children with disabilities, and potential

²⁵42 U.S.C. § 9858e (2006).

²⁶See NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES, CHILD CARE WORKFORCE (2008), www.naccrra.org/randd/data/rpt_workforce.php?orderby=State; CENTER FOR THE CHILD CARE WORKFORCE, SALARIES FOR STAFF, COSTS TO CHILDREN (2006), www.ccw.org/pubs/2005Compendium.pdf.

²⁷See my *The Unionization of State-Subsidized Home Child Care Providers in Illinois and Its Effect on the State's Child Care Assistance Program*, 40 CLEARINGHOUSE REVIEW 466 (Nov.–Dec. 2006).

²⁸See 62 Fed. Reg. 39610, 39626 (July 23, 1997).

²⁹For a list of states that have instituted quality rating systems, see NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, THE NAEYC QUALITY RATING AND IMPROVEMENT SYSTEMS (QRIS) TOOLKIT (2008), www.naeyc.org/policy/state/pdf/WebQRSToolkit.pdf.

sources of special financial support to help them comply with the Act.³⁰ Such training not only enhances opportunity for parents and the development of their children with special needs; it also helps the states and child care operators avoid liability under laws protecting the rights of people with disabilities.

Infants and Toddlers. Several strategies can increase the quality and availability of care for infants and toddlers; these include funding for home child care networks for technical assistance to providers of child care at home, and access to specialists who can train and consult with providers.³¹

Parents with Nontraditional Work Schedules. Low-income workers often have varied or unpredictable work schedules and work nontraditional hours. These parents may be unable to access their preferred form of child care due to licensed facilities' limited hours of operation and strict child care assistance program requirements that the hours of work and the hours of care match. Illinois is piloting a new program to increase the access of such parents' children to all forms of care. Under this program, parents who work thirty or more hours per week have the option of receiving assistance for one full-time provider, without regard to whether the hours of work and the hours of care match, on the condition that the parent agrees to be responsible for any additional child care costs. Thus, for example, a restaurant worker with a Tuesday-to-Saturday work schedule may receive assistance to place her child in a child care center that operates Monday through Friday if she agrees to incur any costs for care on Sat-

urday (when a relative or friend would be more likely to be available to provide free or low-cost care).

Children in Limited-English-Proficient Families. Child care assistance programs must improve their outreach to immigrant families. More effective collaboration with agencies that serve immigrant communities, use of contracts to increase the supply of child care in immigrant communities, and training, technical assistance, and professional development in multiple languages and cultural contexts would expand the supply of providers serving children from families with limited English proficiency.³²

Children of Teen Parents. Because of the challenges facing teenagers generally, and teen parents in particular, they have particular difficulty accessing child care. States should put children of teen parents on a more equal footing by making them eligible for full-time, full-year care if the parent is in school full-time; counting only the teen parent's income in determining eligibility; and offering them enhanced child care resource and referral services in finding care.



The CCDBG and attendant state funding has partially fulfilled working parents' basic human need for access to affordable, quality child care. However, much work remains on each of these elements—access, affordability, and quality. The basic principles set forth here are necessary for every child to have access to affordable, quality child care.³³ Nothing could be of more help to working parents.

³⁰Child care settings, including family child care, are public accommodations under the Americans with Disabilities Act (28 C.F.R. §§ 36.102, 36.104 (2008)); see Marcia Henry & Ava Yajima, *Applying the Americans with Disabilities Act in Child Care Settings*, 38 CLEARINGHOUSE REVIEW 65 (May–June 2004).

³¹See NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES et al., *supra* note 10.

³²For these and more ideas, see DANIELLE EWEN & HANNAH MATTHEWS, CENTER FOR LAW AND SOCIAL POLICY, IMPROVING ACCESS TO CHILD CARE AND EARLY EDUCATION FOR IMMIGRANT FAMILIES: A STATE POLICY CHECKLIST (Dec. 2007), www.clasp.org/publications/state_policy_checklist07.pdf.

³³Some of the recommendations here are included in the Starting Early Starting Right Act (S. 2980) that has been introduced by U.S. Sen. Robert Casey. The highlights of this legislation are that it would increase CCDBG funding by \$50 billion over five years, set minimum training requirements for caregivers, increase the quality set-aside from 4 percent to 15 percent, fund many other quality initiatives including support for caregiver training and requiring states to institute a quality rating system, require that provider reimbursement rates be set at the seventy-fifth percentile, take other measures to promote stable child care arrangements, and establish a new 30 percent set-aside for infant and toddler care (for a more thorough summary of this legislation, see National Women's Law Center, Summary of the Starting Early Starting Right Act (May 2008), www.nwlc.org/pdf/CaseyBillSummary.pdf).

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