

THE STATE OF CHILD CARE IN AMERICA



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Ranking Member Martin Heinrich
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As women have entered the workforce and become breadwinners, access to affordable, high-quality child care has become an increasingly important part of a family's economic success. High-quality early learning and care provide many benefits to families: not only do they help women who want to stay in the workforce, but they also improve outcomes for children. Study after study shows that high-quality child care makes a real difference in whether a mother works and if a child goes to college or gets a good-paying job. It reduces crime and unemployment among children, and increases earnings and educational attainment for both parents and children. For every dollar spent, early learning and care programs can generate between \$5.98 and \$10.15 of benefits to society.¹

If America is to continue to lead in tomorrow's economy, it cannot ignore the importance of investing in our children from birth to kindergarten and empowering more women to work. Unfortunately, too many families currently cannot afford high-quality child care, and the Trump administration's policies will not help these families. Without government programs that guarantee affordability, provide high-quality preparation for future education, and meet the needs of working families, American families will continue to struggle.

CHILD CARE EMPOWERS AND ADVANCES WOMEN AND CHILDREN

When child care costs are high, women are more likely to leave employment and less likely to enter into new jobs. Affordable, high-quality, child care has been shown to:

- **Increase employment opportunities:** Mothers are much less likely to work if they have children under the age of three.² Specific estimates vary, but most studies find that a 10 percent decrease in child care costs increases employment among mothers by 0.5 to 4 percent.³
- **Increase educational achievement:** Mothers of children who participate in child care programs are more likely to seek post-secondary education.⁴
- **Increase earnings:** Research shows that for low-income mothers, the availability of child care can increase a mother's earnings by \$90,000 over the course of her career.⁵

High-quality early learning and care leads to positive outcomes for children. Research shows that these programs:

- **Improve educational achievement:** Children who receive high-quality early education have higher achievement on math and reading tests through age 21 and are more likely to graduate from college.⁶ These results persist to the next generation, too: the children of individuals who receive high-quality child care are more likely to attend college.⁷
- **Increase employment and future earnings:** Children who receive high-quality early childhood education and care are twice as likely to be employed and also have higher earnings.⁸
- **Improve health:** Children who have access to high-quality childhood programs have better health, including lower blood pressure.⁹ Head Start participants have fewer long term health problems and lower rates of obesity at ages 12 and 13.¹⁰
- **Decrease crime rates:** Early childhood education programs reduce the likelihood of juvenile arrests and criminal records.¹¹

Investments in high-quality child care are critical to the educational and economic success of mothers and children, as well as the next generation and society at large.

THE CHILD CARE AFFORDABILITY CRISIS

Quality, affordable child care remains out of reach for too many families. Today, a typical working family must spend over 15 percent of their income on child care for an infant. Costs vary widely by state, reaching as high as 20 percent of median family income in New York (Figure 1). For single mothers, the affordability crisis is even worse. Infant care expenses eat up nearly 50 percent of a single mother's income in Pennsylvania (Figure 2), making it virtually impossible for her to access child care for her children.

Figure 1

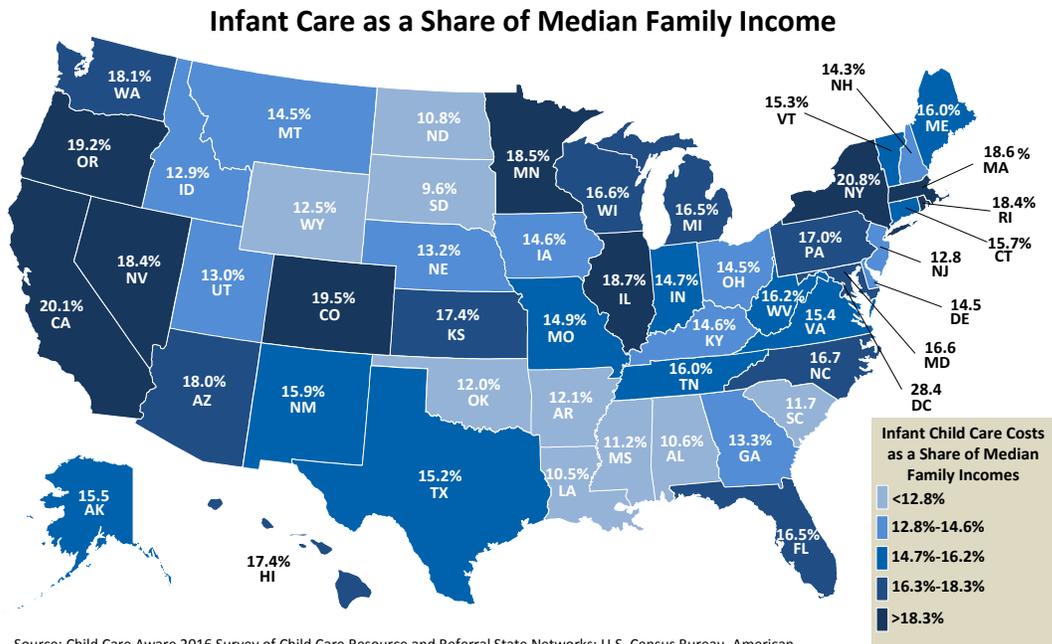
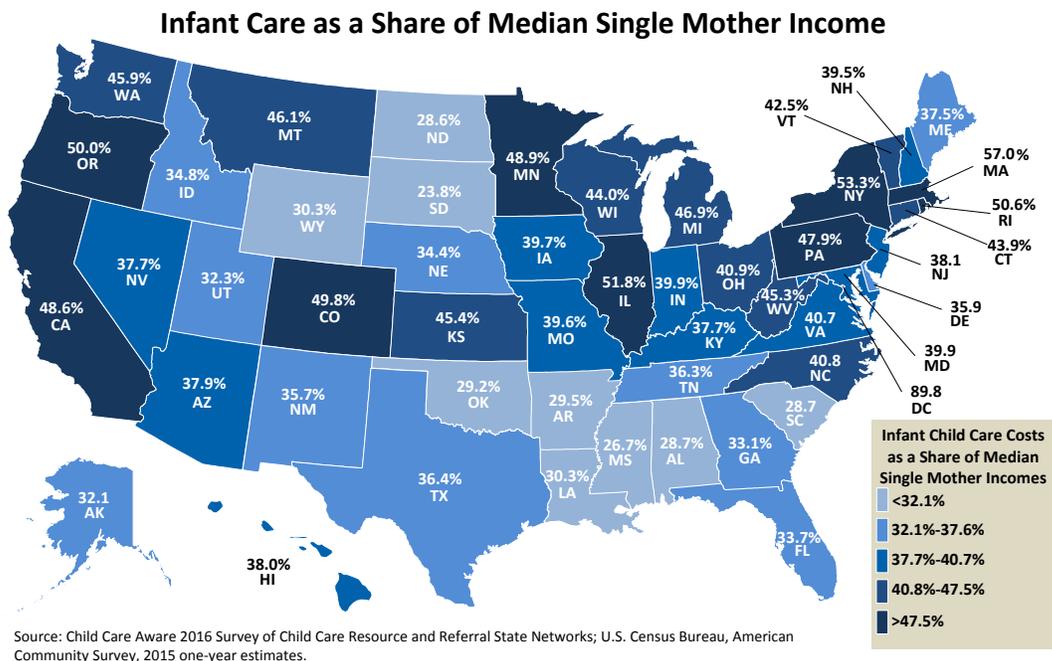


Figure 2

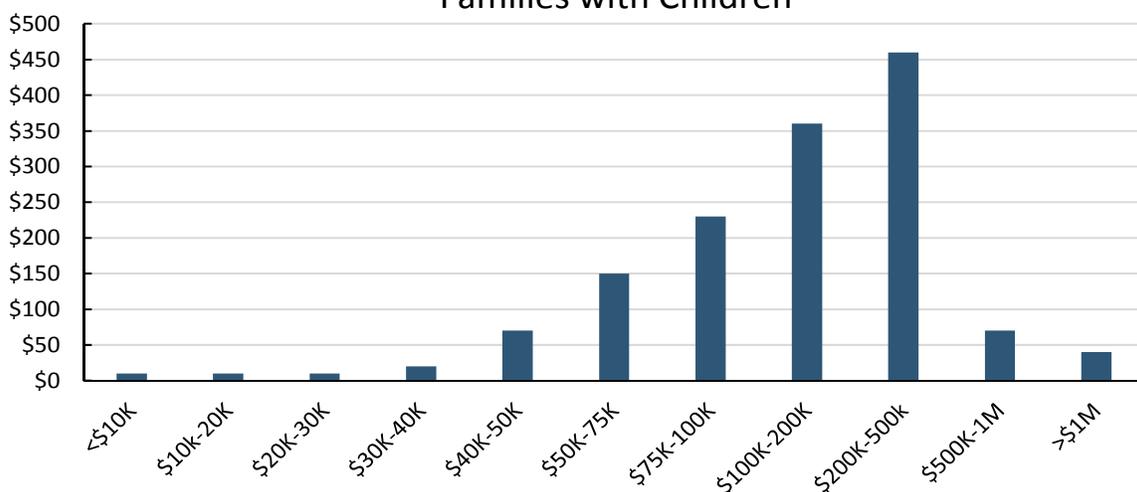


TRUMP FAILS TO ADDRESS AFFORDABILITY CRISIS

The President's most recent tax "plan" purports to be a "tax relief for families with child and dependent care expenses."¹² While he provided no specifics on child care provisions, on the campaign trail, candidate Trump proposed adding a deduction for child care expenses for families earning up to \$500,000 and a smaller refundable tax credit that would cover only a fraction of the child care expenses remaining after other child care tax provisions.¹³ Taken together, these tax changes would mostly benefit high-income families, while providing little relief for low- and middle-income families. In fact, the average tax cut for families earning less than \$30,000 would be just \$10 (Figure 3).

Figure 3

Average Tax Cut from Trump's Child Care Proposals Among Families with Children



Source: Urban-Brookings Tax Policy Center, 2017, "Who Benefits from President Trump's Child Care Proposals?" Table A1.

President Trump also proposed creating tax-preferred dependent care savings accounts (DCSAs) that disproportionately benefit wealthier families. Lower-income families are less likely to have extra income to save, and would receive a smaller tax benefit even if they are able to. Only 53 percent of all families save any amount, and for the poorest families, that figure falls to just 32 percent.¹⁴ With so few families able to save, tax-preferred savings accounts will fail to provide many families with relief.

The combination of the proposed tax deduction, the refundable credit, and the savings accounts would help high-income families, while doing virtually nothing to ease the burden of child care expenses on low- and moderate-income families. A family with one child making \$500,000 in Ohio would receive nearly \$2,500 more in tax benefits—over three times as much—than a family earning the minimum wage in the same state.¹⁵

PRINCIPLES FOR POLICYMAKERS

The President's child care proposals fall short of providing a real solution to our nation's child care crisis. Truly addressing the needs of families today requires a comprehensive early learning and care proposal that includes the following principles:

1. Affordability for Low- and Middle-Income Families

An early learning and care plan must ensure that high-quality child care is affordable for low- and moderate-income families. Government funding for child care has eroded for over a decade, serving fewer children with scarcer dollars.¹⁶ We should make a promise to working families that child care will not be the main expense coming out of their paychecks. No family should have to choose between paying rent, putting food on the table, or being able to afford quality child care.

2. High-Quality Preparation for Kindergarten and Beyond

High-quality early learning and care from birth to kindergarten is critical to children's development, and the benefits last long into adulthood and the next generation. No child should start kindergarten behind simply because they lacked access to quality early learning and care. Supporting the recruitment and retention of a high-quality child care workforce, well-compensated early learning and care workforce will help build a supply of high-quality care and help all children achieve their fullest potential.

3. Meeting the Needs of 21st Century Working Families

Child care must evolve to meet the needs of families with 21st Century work and family structures. Today's families are diverse: from single parents, to parents who both work full-time, to families with nontraditional work schedules. Child care that covers the entirety of parents' working hours—full day and full year—is not only critical to children, but also to working parents across America.

Table A1: Average Child Care Costs and Share of Family Income

State	Child Care Costs		Family with Children		Single Mothers with Children	
	Infant Child Care Costs	4-Year-Old Child Care Costs	Median Income	Infant care as a share of income	Median Income	Infant care as a share of income
United States	\$10,476	\$8,469	\$68,260	15.3%	\$25,274	41.5%
Alabama	\$5,644	\$4,877	\$53,146	10.6%	\$19,634	28.7%
Alaska	\$11,700	\$10,764	\$75,490	15.5%	\$36,504	32.1%
Arizona	\$9,993	\$7,845	\$55,568	18.0%	\$26,356	37.9%
Arkansas	\$6,074	\$5,057	\$50,342	12.1%	\$20,624	29.5%
California	\$13,343	\$9,117	\$66,372	20.1%	\$27,435	48.6%
Colorado	\$14,950	\$11,089	\$76,594	19.5%	\$30,010	49.8%
Connecticut	\$14,079	\$11,669	\$89,919	15.7%	\$32,063	43.9%
Delaware	\$10,396	\$8,308	\$71,574	14.5%	\$28,922	35.9%
District of Columbia	\$22,658	\$17,863	\$79,677	28.4%	\$25,219	89.8%
Florida	\$8,719	\$6,897	\$52,922	16.5%	\$25,902	33.7%
Georgia	\$7,597	\$6,851	\$56,991	13.3%	\$22,919	33.1%
Hawaii	\$13,584	\$11,232	\$77,949	17.4%	\$35,754	38.0%
Idaho	\$7,385	\$6,527	\$57,327	12.9%	\$21,191	34.8%
Illinois	\$13,176	\$9,758	\$70,406	18.7%	\$25,459	51.8%
Indiana	\$8,929	\$6,768	\$60,856	14.7%	\$22,356	39.9%
Iowa	\$10,015	\$8,433	\$68,737	14.6%	\$25,206	39.7%
Kansas	\$11,482	\$8,065	\$65,875	17.4%	\$25,299	45.4%
Kentucky	\$7,800	\$7,020	\$53,589	14.6%	\$20,666	37.7%
Louisiana	\$5,754	\$4,920	\$54,750	10.5%	\$18,991	30.3%
Maine	\$9,677	\$8,455	\$60,534	16.0%	\$25,806	37.5%
Maryland	\$14,726	\$10,039	\$88,869	16.6%	\$36,931	39.9%
Massachusetts	\$17,082	\$12,796	\$92,016	18.6%	\$29,957	57.0%
Michigan	\$10,178	\$8,238	\$61,563	16.5%	\$21,705	46.9%
Minnesota	\$14,826	\$11,420	\$80,344	18.5%	\$30,321	48.9%
Mississippi	\$5,045	\$4,439	\$44,865	11.2%	\$18,914	26.7%
Missouri	\$9,100	\$6,396	\$61,252	14.9%	\$22,993	39.6%
Montana	\$9,383	\$8,299	\$64,513	14.5%	\$20,366	46.1%
Nebraska	\$9,043	\$7,935	\$68,569	13.2%	\$26,314	34.4%
Nevada	\$10,317	\$8,768	\$56,066	18.4%	\$27,355	37.7%
New Hampshire	\$12,399	\$10,259	\$86,936	14.3%	\$31,356	39.5%
New Jersey	\$11,548	\$9,557	\$90,270	12.8%	\$30,341	38.1%
New Mexico	\$7,802	\$6,988	\$49,214	15.9%	\$21,826	35.7%
New York	\$14,144	\$11,700	\$67,930	20.8%	\$26,539	53.3%
North Carolina	\$9,254	\$7,920	\$55,402	16.7%	\$22,708	40.8%
North Dakota	\$8,431	\$7,630	\$78,232	10.8%	\$29,506	28.6%
Ohio	\$8,985	\$7,320	\$62,064	14.5%	\$21,951	40.9%
Oklahoma	\$6,572	\$5,280	\$54,706	12.0%	\$22,488	29.2%
Oregon	\$11,964	\$9,108	\$62,457	19.2%	\$23,950	50.0%
Pennsylvania	\$11,978	\$9,119	\$70,403	17.0%	\$25,002	47.9%
Rhode Island	\$12,882	\$10,052	\$70,108	18.4%	\$25,435	50.6%
South Carolina	\$6,483	\$4,657	\$55,296	11.7%	\$22,571	28.7%
South Dakota	\$6,143	\$5,810	\$64,169	9.6%	\$25,785	23.8%
Tennessee	\$8,378	\$7,113	\$52,439	16.0%	\$23,100	36.3%
Texas	\$9,207	\$7,813	\$60,438	15.2%	\$25,260	36.4%
Utah	\$9,183	\$7,167	\$70,800	13.0%	\$28,464	32.3%
Vermont	\$11,513	\$10,440	\$75,118	15.3%	\$27,121	42.5%
Virginia	\$12,220	\$9,256	\$79,391	15.4%	\$29,997	40.7%
Washington	\$13,110	\$9,887	\$72,466	18.1%	\$28,542	45.9%
West Virginia	\$8,580	\$7,540	\$53,020	16.2%	\$18,925	45.3%
Wisconsin	\$11,750	\$9,598	\$70,739	16.6%	\$26,700	44.0%
Wyoming	\$9,110	\$7,841	\$72,858	12.5%	\$30,080	30.3%

Source: Child Care Aware 2016 Survey of Child Care Resource and Referral State Networks; U.S. Census Bureau, American Community Survey, 2015 one-year estimates, tables B19126 and 19125

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¹² CNBC. 2017. "[Read the White House memo on President Trump's proposed tax plan.](#)" April 26. Accessed May 9, 2017.

¹³ Donald J. Trump Presidential Campaign. 2016. "[Fact Sheet: Donald J. Trump's New Child Care Plan.](#)"; and Donald J. Trump Presidential Campaign. 2016. "[Tax Plan.](#)" Accessed May 9, 2017 with the Internet Archive Wayback Machine.

¹⁴ Survey of Consumer Finances, Table 1, 2013.

¹⁵ JEC Democratic Staff calculations rely on the following assumptions: 1) Families will choose to use from the deduction, DCSA, and refundable tax, as well as the existing Child Dependent Care Tax Credit according to the mix that maximizes their benefits; 2) Families do not have access to the existing employer-provided dependent care Flexible Spending Account, 3) Tax brackets and standard deduction and personal exemptions are from 2017 in current law, 4) The average cost for infant care in Ohio (\$8,985) is constant for families with various incomes and the Ohio minimum wage is \$32,600 for a dual-earner household, 5) No "double-dipping" is allowed so that the expenses claimed for the CDCTC, the deduction, DCSA, and the refundable tax credit may not overlap with one another, and 6) A minimum wage family is able to save \$1,000 in their DCSA to maximize the government match. Although a wealthy family could max out at \$2000, staff calculations use the conservative estimate that all of their expenses are claimed through the deduction, with none left over for the DCSA. In reality, wealthier families likely have higher-than-average expenses and the loose requirements of the DCSA means they can use it for private school tuition, extracurriculars, etc.

¹⁶ Lynch, Karen. 2016. "[Trends in Child Care Spending from the CCDF and TANF.](#)" Congressional Research Service. June 16.