

# A PATH FORWARD

## ENSURING AFFORDABLE AND ACCESSIBLE CHILD CARE FOR ALL

### What's at Stake?

Accessible, affordable, high-quality child care and early education is essential to the economic well-being of families, communities, and the country. Stable and reliable child care **supports healthy child development** and enables parents and caregivers to work, attend school, or pursue other career advancement opportunities that contribute to family economic growth, which is fundamental for robust and resilient state and national economies.

One of the most daunting tasks of becoming a parent is finding affordable child care that meets your family's needs. In addition to this challenge, families of color with low incomes must also overcome significant, systemic racial and economic hurdles to access child care assistance.

Over time, the federal government has developed assistance programs to help families afford child care. Today, the **Child Care and Development Block Grant (CCDBG)** and **Head Start** are the primary federal programs that help families with low incomes access child care and early education. However, Congress has never fully funded these programs at anywhere near the level needed to serve all eligible families. For far too long, the lack of funding for the child care sector has led to significant tradeoffs resulting in inequitable policies and limited access for families who need it the most.

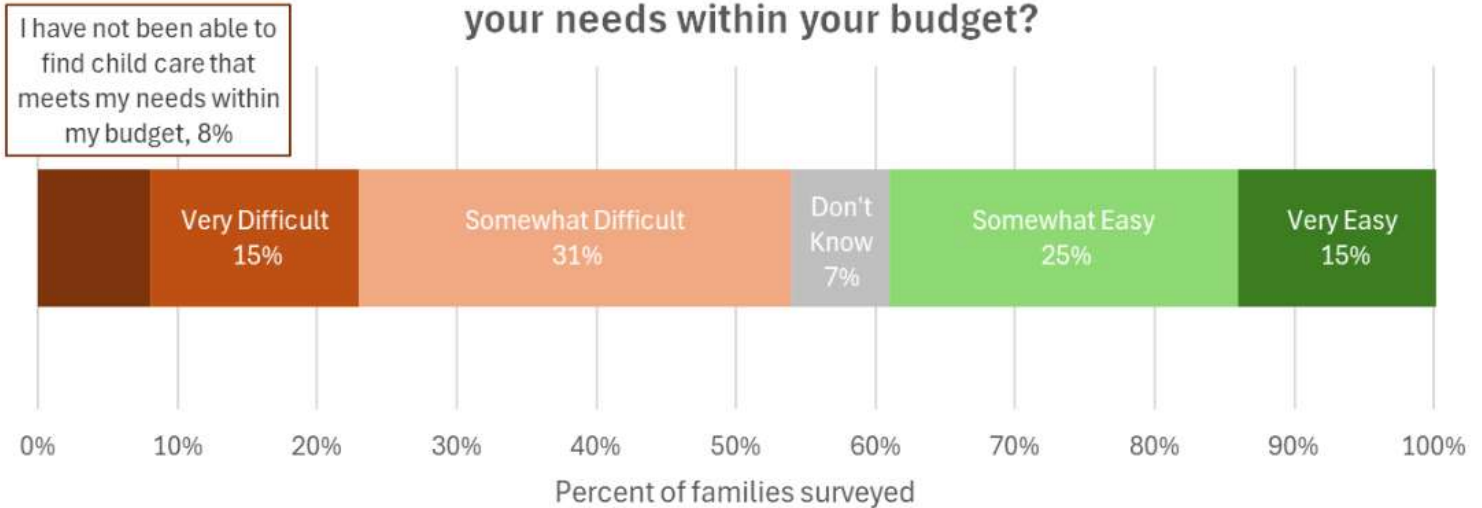


## Affordability

Affordability is one of the main challenges for families when accessing child care services. According to the **National Database of Childcare Prices** from the U.S. Department of Labor Women's Bureau, the median annual price for child care for one child in 2018 ranged from \$4,810 to \$15,417, depending on the provider type, child's age, and county population size. When adjusted to 2024 dollars, these estimates range from \$6,097 to \$19,541. Furthermore, the most recently **available data** from 2023 shows that the national average price of child care was \$11,582, which would take 10 percent of the median income for a married couple with children or 32 percent of the median income for a single parent with children, well above the federal government's benchmark of affordability of 7 percent.

This high cost of care makes it difficult for families to find and afford care that both meets their needs and is affordable. This lack of affordable, accessible child care makes the case for the need for robust investment in a system that builds supply, supports the workforce, and makes abundant, affordable care available for families.

### How easy or difficult was it for you to find child care that meets your needs within your budget?



*CLASP, in collaboration with Data for Progress, surveyed families in Fall 2023 and found that 54 percent struggled to find or could not find child care options that met their family's needs within their budget.*

## Access

The most recently available data from 2020 shows that of the **52 million children** under the age of 13 in the United States, **21 percent (approximately 10.9 million children)** were eligible for child care assistance under federal rules and **14 percent (approximately 7.5 million children)** were eligible under state rules. However, due to stagnant public funding, inflation, and the rising cost of child care, **only 18 percent of eligible children** (approximately 2 million children) received access to these subsidies. Between fiscal year (FY) 2006 and FY 2020, there has been a **16 percent decrease** in the number of children served. This decrease has not affected all communities equally, as access to subsidies varies by race and ethnicity. Data from CLASP's report, "**Child Care Assistance Landscape: Inequities in Federal and State Eligibility and Access**," shows that no state provided a subsidy to more than 50 percent of all potentially eligible children (based on federal or state income limits) in any racial or ethnic group.

Addressing accessibility and affordability barriers also means acknowledging and working to uproot the **racist roots** of the child care sector. Over time, policy decisions have often excluded or marginalized people of color. Such discrimination had direct impacts on families' access to many programs, including child care and early education. They have also impacted the working conditions of those in domestic and service occupations, such as child care. For example, the **1938 Fair Labor Standards Act** excluded service occupations like child care from minimum wage and compensation protections. More recently, the **1996 Personal Responsibility and Work Opportunity Reconciliation Act** included provisions such as work requirements, which continue to negatively impact access to support for families. These work requirements were enforced with the aim of excluding Black, Latino, and undocumented families from accessing assistance. The effects of these policies are still felt, as Black women are **overrepresented** in the child care workforce compared to the total Black workforce across all occupations and earn significantly less than the average national salary for all occupations.



## Recent Progress

National attention toward child care has greatly increased since the start of the pandemic when **16,000 providers** shut down. However, the more than \$50 billion in pandemic relief funding allowed states to prevent further closures, serve more families, and improve policies. But the remaining relief funds that allowed for so much **progress** expire in September 2024, and without continued, increased funding, families and providers will lose these critical gains.

The recently passed FY2024 appropriations were an important start. The legislation included a **\$725 million**, or 9 percent, increase for CCDBG and a **\$275 million**, or 2 percent, increase for Head Start. Additionally, in April 2023, the Biden-Harris Administration displayed its commitment to serving children, families, caregivers, providers, and other important stakeholders in the child care and early education sector with the release of an **Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers**. As a result, the U.S. Department of Health and Human Services strengthened CCDBG via the release of a **final rule** in February 2024. This rule states that families receiving child care assistance through the program should pay no more than 7 percent of their income to child care costs and ensures more stable incomes for providers by requiring states to pay them based on enrollment rather than attendance.

While the new final rule includes important policy shifts, without additional significant public investments in child care, the new policy shifts will require tradeoffs that may further reduce the number of families receiving assistance.

## Potential Threats

Furthermore, CLASP interviews with **state child care agency leaders** found that state agencies are not prepared to shift back to a system that lacks the relief resources. These funds, which supported states to strengthen relationships across the child care and early education field, invest in the child care workforce, and improve systems for families, **reached more than 220,000 providers** and approximately **9.5 million children**. Without additional resources, these gains are at risk. Simply keeping up with inflation will require **additional funding**.

There are also deep concerns about the opportunities for additional funding under the current context and in possible future contexts. For example, **the appropriations bills released by House Republicans** for federal fiscal year 2025 would barely increase CCDBG funding, falling vastly short of need. Other proposals to cut program resources and eliminate full programs pose big challenges to the accessibility and affordability of child care.



# The Path Forward

Looking ahead starts with dreaming of what we want our child care system to look like. We envision a well-resourced, publicly funded child care system that is universally accessible, affordable, and free of the racist roots and white supremacy that contributed to the formation of the existing child care system.

To help mitigate the impact of the final expiration of pandemic relief funds, President Biden requested **\$16 billion** in supplemental funding to ensure that positive improvements can stay in place. This investment also showed a **renewed commitment** to the care economy.

Furthermore, federal policymakers should robustly fund child care and early education programs in the annual appropriations process. A continued emphasis on funding is essential to serve all the families who are eligible for existing child care assistance programs. The Biden-Harris Administration's **proposed FY2025 appropriations** included the Affordable Child Care for America initiative, which would invest \$600 billion in mandatory child care and universal pre-K over the next 10 years.

Beyond these immediate investments, it is critical for Congress to pass significant and transformative child care legislation. A child care guarantee that is publicly funded and meets the needs of children, families, and providers is essential. An equity-centered child care system that offers what parents need and what providers know works best will have a tremendous, positive effect and help create a system where parents are supported, children are cared for, and providers are valued and paid robust wages and benefits.