

# Executive Summary

*Parents and the High Cost of Child Care: 2011 Update* presents 2010 data about what parents pay for full-time child care in America. It includes average fees for both family child care (FCC) homes and centers. Information was collected through a survey conducted in January 2011 that asked for the average costs charged for child care for infants, 4-year-old children and school-age children in child care centers and family child care homes in every state. The information was provided by State Child Care Resource and Referral (CCR&R) Network offices and local agencies that maintain data about child care programs in the communities they serve. The District of Columbia is referred to as a state for the purpose of this report.

## **Child Care Costs are High**

- ▶ The average annual cost of full-time care for an infant in a center in 2010 ranged from \$4,650 in Mississippi to \$18,200 in the District of Columbia.
  - ▶ The average annual cost for full-time care for a 4-year-old child in a center in 2010 ranged from \$3,900 in Mississippi to \$14,050 in the District of Columbia.
  - ▶ The average annual cost for part-time care for a school-age child in a center in 2010 ranged from \$2,450 in Louisiana to \$10,400 in New York.
  - ▶ The average annual cost for full-time care in a family child care home for an infant in 2010 ranged from \$3,850 in Mississippi to \$12,100 in Massachusetts.
  - ▶ The average annual cost for full-time care in a family child care home for a 4-year-old child ranged from \$3,600 in Mississippi to \$11,300 in Massachusetts.
  - ▶ The average annual cost for part-time care in a family child care home for a school-age child in 2010 ranged from \$2,300 in South Carolina to \$9,000 in New York.
- ▶ Overall, the cost of child care increased 1.9 percent for centers and 1.8 percent for family child care homes from 2009 to 2010.
    - » The cost of infant care in a center increased 2.3 percent while the cost of infant care in a family child care home increased 2.6 percent.
    - » The cost of care for a 4-year-old in a center increased 1.5 percent while the cost of care for a 4-year-old in a family child care home increased 1.1 percent.

## **Costs are High Compared to Family Income**

- ▶ In 40 states, the average annual cost of center-based infant care exceeded 10 percent of the state's median income for a two-parent family.

## **Costs are High Compared to Household Expenses**

- ▶ Center-based child care fees for an infant exceeded annual median rent payments in 24 states.
- ▶ Center-based child care fees for two children (an infant and a 4-year-old) exceeded annual median rent payments in every state.

## **Child Care Costs are High Compared to College Costs**

- ▶ In 36 states, the average annual cost for center-based care for an infant was higher than a year's tuition and related fees at a four-year public college.

## **Least-Affordable States for Child Care**

The report ranks the 10 least-affordable states for care in a center, based on the cost of child care as a percentage of the state median income for a two-parent family.

The 10 least-affordable states for full-time infant care in a center in 2010 were Massachusetts, New York, Hawaii, Colorado, Minnesota, the District of Columbia, Oregon, Illinois, Montana and Pennsylvania.

The 10 least-affordable states for full-time care for a 4-year-old in a center in 2010 were New York, Montana, Massachusetts, Wisconsin, Minnesota, the District of Columbia, Oregon, Vermont, Colorado and Maine.

## **Children Need Quality Child Care, Especially in Tough Economic Times**

Even though experts say the recession is officially over, families are still feeling the lingering effects. The slow recovery makes paying for child care difficult for parents.

Child Care Resource and Referral (CCR&R) agencies report that some parents are moving their children from licensed programs to informal child care settings to make ends meet. These options may be less expensive, but they are of unknown quality. There is no check for basic health and safety standards and other practices that promote healthy child development in child care settings that are not licensed.

NACCRRRA is concerned about whether children will be safe and will start school with the skills to succeed.

The high cost of child care forces parents to make difficult decisions. Parents want quality child care for their children. Unfortunately, safety, health and school readiness come at a cost that many parents cannot afford.

## **Child Care Financing Challenges**

The cost of child care is largely borne by parents. Unlike the cost of higher education, there is no system of public financing to help make child care more affordable for families. The federal government provides grants to states through the Child Care and Development Block Grant (CCDBG). States use these funds to subsidize the monthly cost of child care for low income families. About 1.6 million children receive assistance,<sup>1</sup> about one out of every six eligible children.<sup>2</sup>

State child care assistance policies under CCDBG are at times inconsistent with and serve to undermine the goal of increasing access to higher quality child care settings for low income children to increase the likelihood of school readiness.

Many children who receive CCDBG assistance are in unlicensed care. In nine states, the most recent data shows that 35 percent or more of the children who receive CCDBG assistance are in unlicensed settings — ranging from more than 60 percent in Hawaii and Michigan to 35 percent in Utah and 36 percent in North Dakota.<sup>3</sup>

This is especially troubling because research indicates that quality care has the greatest impact on positive outcomes for children from low-income families. The CCDBG law does not require the use of licensed care for families who receive assistance. The reality is that the quality of unlicensed care is unknown because unlicensed care is not required to meet licensing standards (e.g., basic health and safety standards, minimum training requirements for providers or background checks). Some states have minimum requirements for providers who receive taxpayer dollars to care for children, but those requirements are usually below licensing standards. Also, unlicensed care is not subject to regular inspections.

**This means that public funds are being used to pay for low- or unknown quality child care settings for children.**

States conduct market rate surveys to assess the cost of care within communities. Although states are required by law to conduct a market rate survey every other year, they are not required to use the survey to establish subsidy payment rates. This means that state-determined subsidy rates often do not reflect the current cost of child care in communities. According to the Office of Child Care, in most states providers are paid at rates far below recommendations made by the U.S. Department of Health and Human Services.

At the same time that parents struggle to afford child care, studies show that the quality of care (despite the high cost), is mediocre in many communities. Most states have weak training requirements even though the research shows that training is one of the most important indicators of quality.

NACCRRA calls on Congress to review child care policy. The CCDBG was last authorized in 1996. At that time, the primary goal was to support parents in the workforce and the quality of care was a distant second.

The current piecemeal approach to child care is not sufficient with today's goals to:

- Ensure that low-income children, especially those receiving public funding, are in higher quality care, and
- Ensure all children start school ready to learn.

States need to have quality standards to ensure that children are safe and in a setting that promotes their healthy development. States need to have an effective enforcement system to ensure compliance with program standards. And, subsidies for the lowest income children need to be sufficient to offer parents choices among quality settings.

It is time for Congress and the states to design a system so that all families, not just wealthy ones, can afford quality care.

### **NACCRRA Recommendations:**

- Require the Department of Health and Human Services (HHS) to define minimally acceptable quality child care for families earning low incomes.
- Require the National Academy of Sciences (NAS) to study the real cost of quality care and to offer recommendations to Congress for financing to support quality options for parents.
- Reauthorize CCDBG and add requirements to improve the quality of care:
  - » Require 40 hours of initial training and 24 hours of annual training in key areas such as CPR, first aid, early childhood development, child behavior/discipline and child abuse detection and prevention.
  - » Require provider background checks, including fingerprint checks, to ensure that children are in the care of someone without a history of violent offenses.
  - » Require quarterly inspections to ensure effective oversight.

- » Invest in Child Care Resource and Referral (CCR&R) agencies to:
  - assist providers in becoming licensed and in maintaining compliance with licensing standards; and
  - help parents identify quality settings.
- » Increase the quality set-aside to 12 percent increasing over several years to 25 percent (on par with Head Start).
- » Provide resources to expand the availability of quality child care, particularly in low-income neighborhoods where there is a shortage of licensed care.
- » Reduce barriers that prevent families from easily accessing child care assistance.

Parent choice in child care is a national policy objective. But, when the only choice parents have is among poor quality settings, that is not a real choice.

From the research, it is clear that quality care makes a difference. Now is the time for policymakers to promote quality choices for all parents.