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Policy Point—Counterpoint: Could a Universal Childcare Policy Be Implemented to Help Working Families in the U.S.?

Cover Page Footnote

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Policy Point—Counterpoint: Could a Universal Childcare Policy Be Implemented to Help Working Families in the U.S.?

American families struggle to balance work and childcare. Sixty-three percent of married couple households with children have both parents in the labor force.¹ More single fathers heading households are employed (84.2 percent) than single mothers (74.1 percent), but that difference simply demonstrates the difficulty women face as they juggle labor force demands while caring for children.² Not surprisingly, mothers of young children are not as likely to be in the labor force compared to those with older children.³ The high price and lack of quality childcare available to families is one reason for mothers' lower labor force participation rates.⁴ The struggle to find good and affordable childcare has dire consequences for the economy, affecting everyone, whether one is a parent or not.

Time cannot be turned back to the middle of the twentieth century, when mostly white, middle-class families had a stay-at-home mom to care for young children as fathers earned a family wage, one that could cover all of the expenses of a family household and even allow for savings for retirement. That economic arrangement existed for only a brief period of U.S. history. Once organized labor was put in check, global labor markets were used as leverage and the threat of automation became more apparent, real wages stagnated, and most families had no other choice but to become dual income households.⁵ Women's labor force participation has increased throughout the twentieth century. However, by the second half of the century higher divorce rates and stagnating male wages resulted in more women—even those with small children—being either pulled or pushed into the labor force in numbers previously unseen.⁶

Meanwhile, the U.S. developed a hodgepodge of childcare arrangements available to working families. Public funds for childcare were available to a limited number of parents

receiving other government assistance like Aid to Families with Dependent Children (AFDC) or food stamps, but most U.S. working parents searched for affordable, reliable and high-quality childcare paid for out of their private funds,⁷ and if they were eligible, partially subsidized through tax breaks.⁸

As we enter the second decade of the twenty-first century, childcare in the U.S. remains unreliable, unavailable, and often unaffordable for many working families. Childcare is most unreliable for parents who work irregular hours (outside of a 9:00 a.m. to 5:00 p.m., weekday schedule), and too often working parents must take time off from their jobs or find alternative arrangements to care for sick children who are required to stay home from daycare.⁹ That is true for parents who are lucky to have childcare facilities in their area. Over half of the American population lives in what could be labeled a “childcare desert,” a census tract with over fifty children under the age of five where there are no childcare facilities.¹⁰ Childcare availability is not trending in the right direction either. While licensed capacity (number of slots for children) increased by 7 percent between 2005 and 2017, the number of facilities decreased, with small Family Child Care (FCC) homes decreasing in number by 48 percent.¹¹ Such a decline in facilities hits rural areas especially hard.

Furthermore, available childcare does not mean it is affordable for many families. Affordable childcare, according to the Department of Health and Human Services, should not exceed 7 percent of a family’s income, however depending on where a family lives, and if they are a married couple or single parent, the cost of childcare can exceed *70 percent* or more of their income.¹² One report claims that childcare costs more than college tuition in twenty-eight states.¹³

As a result, a lack of comprehensive childcare policy in the U.S. translates into diminished economic productivity. Workers who cannot find affordable, reliable childcare struggle to enter or are forced to exit the labor force.¹⁴ In comparison to other countries where family-friendly policies like universal childcare and paid family leave are available, women in the U.S. have a lower labor force participation rate, especially amongst the less career-oriented population.¹⁵ A portion of U.S. human capital will continue to be wasted without better childcare policies, and that has the potential to affect all citizens, parents or not.

Point: A Universal Childcare Policy Would Help Working Families in the U.S.

Affordability and availability of quality childcare are major problems across the U.S. While there are currently programs in place to help low-income families offset the cost, they are not doing enough. In addition, the programs, which are usually distributed through Temporary Assistance to Needy Families (TANF), vary greatly in terms of childcare costs coverage rates. For example, while 80 percent of childcare centers in Arkansas charge prices at or below the state's subsidy payment rates for infant care, only one percent of childcare centers in Vermont offer services that would be covered.¹⁶ The cost of childcare could fall onto society as a whole if it was a government-run program, with a goal of supporting parents entering the workforce, especially those who need the assistance the most—those in low wage jobs—for who the costs of childcare cannot be realistically covered by their incomes.¹⁷ A government-supported system, such as universal childcare, which is frequently proposed in the United States, would eliminate the cost burden for parents, regulate the quality of care received, and make it more accessible.

Many U.S.-comparable developed countries already have some type of universal childcare program. These countries have experienced mostly positive outcomes from their programs. In Australia, there was a 43.33 percent increase in the use of formal childcare between

1996 and 2005, when a universal program was introduced.¹⁸ This suggests that labor force participation potentially increased due to the greater accessibility and lower cost of childcare. Australia and the Netherlands introduced childcare voucher programs to help with cost and supply. Since the price of care was set by the government, it was much more affordable. For example, Australia had a 100 percent cost subsidy for families 130 percent below the country's poverty threshold, and the Netherlands had a 96.5 percent subsidy.¹⁹ In 2004, the province of Quebec in Canada created a universal childcare program that was meant to benefit all, not just those struggling financially. As Angela Campbell states, "Many parents with young children are required to choose between unaffordable care; moderately affordable care of poor quality; or providing care for their children themselves, and foregoing employment to do so."²⁰ While Quebec's plan was expensive initially, it was implemented permanently to allow parents to work more hours, become more economically self-sufficient, since they did not have to worry about childcare costs, and stimulate the economy by spending any additional discretionary income on other goods and services. The policy also addressed the quality of care, so all children benefitted through increased cognitive, physical, and emotional development.²¹

Meanwhile, in the U.S., childcare prices are set mostly by the market, and government subsidies for the few who are eligible vary greatly, going as low as 53 percent. Employers often step in. Cornell University conducted a study on the effectiveness of distributing childcare vouchers to their employees. The vouchers were available as a pretax reimbursement for childcare costs. On average, participants received \$1,350.²² While the employees' incomes remained the same, the childcare voucher had a specific use and was not taxed income, which benefitted families struggling with the cost. Results showed that single parents, females, and hourly employees were most likely to receive a childcare voucher.²³ If this type of program was

implemented for the general public, these same groups of people, who tend to struggle to afford childcare, would benefit greatly.

A voucher program could be beneficial, but vouchers are often underutilized by those for whom it is available. Therefore, universal childcare is the best option. The U.S. needs a universal childcare program because many low-income, single parents are forced to work menial jobs that have little flexibility. In particular, single mothers who work nonstandard schedules are the most confined in their choices for childcare, which can negatively impact their children's cognitive development.²⁴ Meanwhile, 65 percent of surveyed parents said that their work schedules were negatively impacted by childcare needs.²⁵ Finding formal care outside of regular working hours is next to impossible, and the cost of any type of care is very high, making employment not feasible for some parents. After all, more than a quarter (27 percent) of mothers said they were not working because of childcare responsibilities, but most would prefer to work (at least) part-time.²⁶ Universal childcare would allow parents to provide for their families while knowing that their children receive quality care. Access to high quality child-centered care that focuses on cognitive development and early education would not only alleviate pressure on working families, it would increase employee productivity and decrease inequality between children.²⁷

Counterpoint: A Universal Childcare Policy Would Not Work in the U.S.

History and current attitudes about family and government intervention demonstrate that a universal childcare policy would likely fail in the United States because it would not be supported. This country implemented a near-universal childcare policy created to stabilize work and family balance once before. The Lanham Act of 1940 was established during World War II as a temporary emergency measure. The policy provided mothers the opportunity to contribute to the nation's war production effort. Through the Lanham Act of 1940, the federal government

provided funds to communities across the United States for the “construction and maintenance of childcare facilities, to train and pay teachers, and to provide meal service” to children ages birth to twelve.²⁸ While the program was only in operation until 1946, during that period, the Lanham Act cost almost \$52 million at the federal level and over \$26 million at the state level in support of 3,102 childcare centers and approximately 600,000 children.²⁹ With inflation in mind, the application of a universal childcare policy in the twenty-first century would require a substantial government investment. While the Lanham Act was able to increase the maternal employment in the 1940s, it is important to consider that during that period, women’s labor force participation was much lower than it is today, so similar increases in the number of women working would be less likely.³⁰

Additionally, such a policy would not benefit everyone equally. As Chris Herbst notes, “most of the benefits of universal child care accrued to adults at the low end of the earnings distribution,” while on the other hand “the earnings effects for high-earning adults either hovered just above zero or in some instances actually dipped below zero, implying negative effects.”³¹ Thus, there was a portion of the population that was not positively affected by the Lanham Act. In addition, one could expect that individuals with no children would not benefit from the childcare policy, except for those for whom it provided job opportunities in the childcare industry. Given that taxes would fund a universal childcare policy, all citizens would mandatorily fund the program regardless if they used it. Although there is no direct measure of support for taxpayer-funded childcare available, insight is available from data examining U.S. citizens’ support for public education (K-12). One study found that “7 in 10 or more parents and all adults say they’d rather see cuts in other government-funded programs rather than raise taxes to provide more school funding.”³² If taxpayers do not support funding for public education, a

program with a long history and used by a majority of families, it is unlikely they will support funding a new program, like universal childcare.

In general, there is resistance to government-funded programs for children in United States. Economist Paul Krugman suggests that this resistance is rooted in incorrect social analyses and racial antagonism. Considering that less than half of the United States population under the age of fifteen is non-Hispanic white, programs assisting children are believed by too many as encouraging parents (of color, in particular) to not want to attain independent and sustainable lives, and thus lack political support.³³ Obviously, not supporting a program based upon racist beliefs is indefensible, but it is important for policymakers to recognize the political and social barriers to any universal social policy.

Racial antagonism combined with fears about changing family structure translate into little or no support for government-funded childcare programs. With the end of the Lanham Act in 1946, another universal childcare program was developed within the Comprehensive Childhood Development Act of 1972. However, President Richard Nixon vetoed this act on the grounds that it had family-weakening implications.³⁴ The fear that a universal childcare policy would disrupt family structure is still a major issue for many in the United States. The Pew Research Center found that a majority of Americans believe that the best situation for young children is for them to grow up with a stay-at-home parent.³⁵ Exploring further, to uncover who that parent should be, PEW also found that a majority Americans still believe that mothers do a better job of caring for a new baby or seriously ill family member.³⁶ Thus, a universal childcare policy could put social pressure on mothers to work outside the household even though many people believe in a much more traditional family structure. Advocates for traditional family arrangements could cite a working paper from 2005 with early results from Quebec's universal

childcare policy resulting in “more hostile, less consistent parenting, worse parental health, and lower-quality parental relationships.”³⁷ However, a more recent assessment demonstrated that changes in Quebec’s program have resulted in diversity in terms of quality of care and learning standards for children. Differences in experiences often are dependent on whether a facility is government subsidized or not, with government subsidized sites receiving higher ratings than the private providers.³⁸ Any critic would call for further research on the quality of care provided through a universal childcare program effects family structure and relationships.

While it cannot be ignored that there are childcare deserts in the United States, a universal childcare policy might not be the appropriate response. Such a policy might address the need for better availability and affordable childcare, but it would lack political support.

Everyone, regardless of childcare needs, would be stuck with the tax bill to fund the program.

Ultimately, a universal childcare policy could be viewed as just another federally funded program that puts a band aid over the bigger issue of having too many low-wage jobs in the United States. If more jobs paid a livable wage in the U.S., and there were efforts to increase access to childcare facilities, families would not need government support to care for children.

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