



# Political Opportunities and Challenges



# The U.S. Crisis of Care

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- *We don't see a collapsing care system because we don't see care as a system to begin with.*
  - » *We see individuals making private decisions about who takes care of the children....*
  - » *We see families using the private market for services ...*
  - » *We don't add all of this up and call it a system that is working well or badly.*
- *When things go wrong,*
  - » *when a mother leaves children alone because she cannot afford day care while she works,*
  - » *when marriages fail under the stress of jobs and family demands, ...*
  - » *we generally see specific problems--moral, economic--but not an entire care system in trouble.*



# The U.S. Under-Invests in Children and Families

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## Public Expenditure

- Enrollment in publicly funded ECE
  - » Ages 1-2: U.S. 6%, Europe: 3-74%
  - » Ages 3-5: U.S. 53%, Europe: 66-99%
- Expenditure: US < 0.5% of GDP on ECE, Europe 2-6% of GDP

## Work Place Policy

- Full time work: U.S. 40 hrs/week, Europe 35-39 hrs/week
- Required vacation: U.S. 0 days, Europe 20-25 days/year.
- Maternity leave: U.S. 0 weeks, Europe: 12 – 42 weeks

This undermines our global economic competitiveness

Sources: Kimmerman 2001, Gornick and Myers 2003





## Why Does the U.S. Under-Invest in ECE?

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- It depends on how we frame the debate
  - » **Private Frame** - Early care and education is the private responsibility of parents - Failures are moral, not structural
    - Beginning to see ECE as a public responsibility too
  - » **Welfare Frame** focuses on poor children only – Head Start, subsidies.
    - But these have expanded since Welfare Reform
  - » **Education Frame** – Public responsibility for education begins at age 5
    - Increased public support for pre-school
  - » **Economic Development Frame** focuses on infrastructure for the market *not* support for both market and family care
    - More than 70 state and local teams addressing child care as *social<sub>4</sub> infrastructure for economic development*

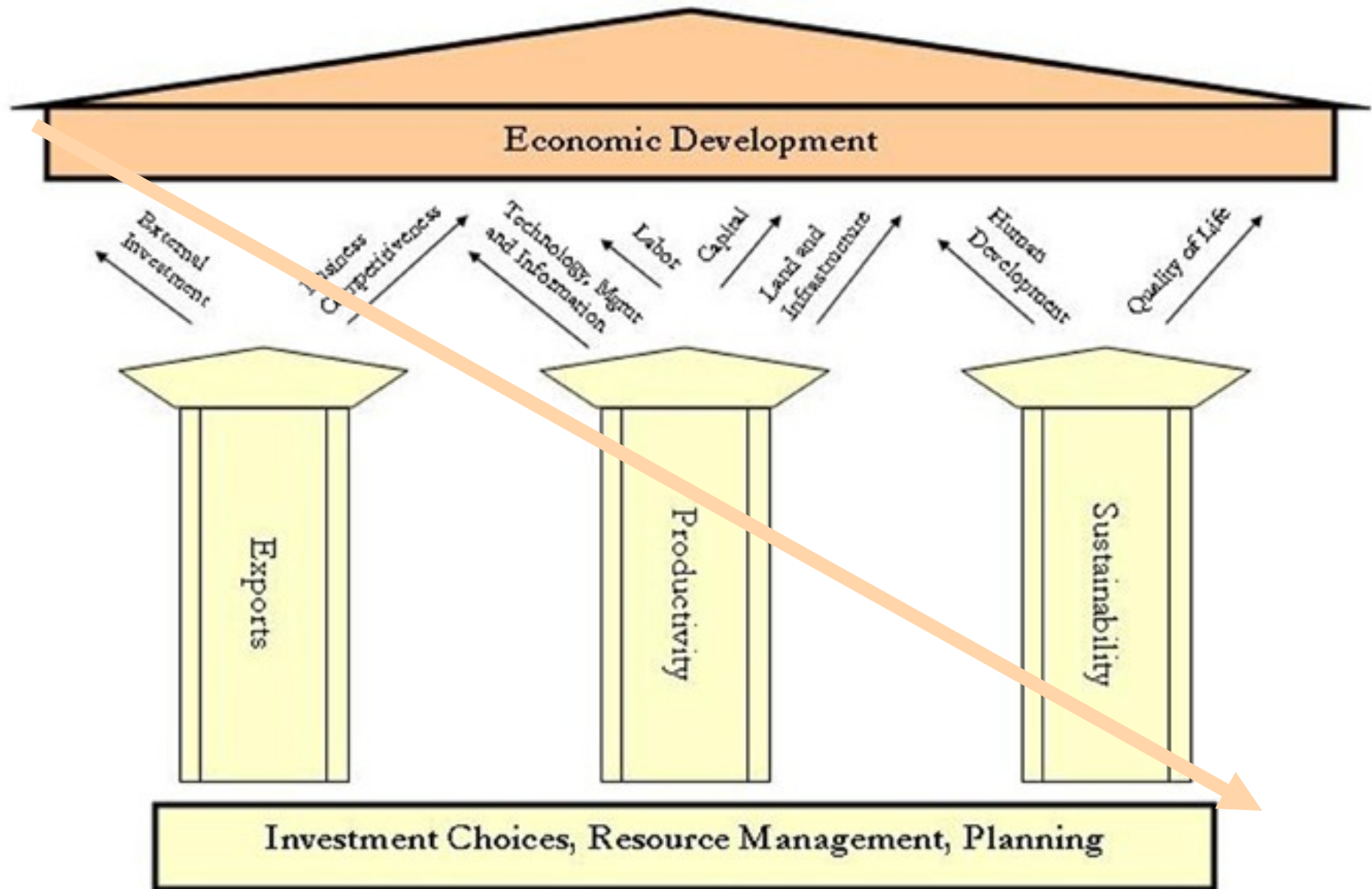


# New Economic Development Approaches

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- New Financing Strategies
  - » Tax abatements, new funding streams
- New Infrastructure Investments
  - » Housing, transportation, industrial subsidies to child care
- Parental Supports
  - » From employers – child care subsidies
  - » From government – tax credits
- Labor Force Enhancements
  - » Collective management for health care, unionization, subsidies for education and retention
- New Business Strategies
  - » Economies of scale – fee collection, collective purchasing, substitute pools
  - » Information and financing intermediaries for parents

Figure 1: Economic Development Principles and Strategies







# Strategies: Productivity

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- **Information**

- » Providers: Need collective management strategies to create economies of scale (in purchasing, fee collection, staffing)
- » Parents: Need better information on quality (Quality Rating Systems)

- **Labor**

- » Improve career ladders and employment conditions in the sector.
  - Professional enhancement (TEACH, quality investment)
  - Improve wages and benefits (e.g. health insurance to ECE workers, unionization strategies)
- » Enhance Work Life Policies for all workers
  - Flexible schedules, Pretax set asides for dependent care



# Strategies: Productivity

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- **Capital**
  - » Facility and Operating Finance
    - Loan abatement linked to quality
    - Private and public financing strategies
- **Infrastructure**
  - » Include ECE in land use and economic development planning
    - California: Inclusive zoning, impact fees on new development
  - » Include in new industrial and housing development
    - Economic development zones, New Markets Tax Credits
  - » Include as part of transportation planning
    - Build centers at transit hubs, Alter bus routes to support trip chaining of parents





## Strategies: Sustainability

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- Quality of Life – Human Development
  - » Once considered a product of economic development, it is now considered a *precondition* for it. (R. Florida)
- Triple Bottom Line – Environmental, social and economic
  - » Many states are promoting refundable tax credits for families with higher credits for using quality care.
  - » MN creating an endowment for quality early care
  - » Employers taking the lead in community coalitions for quality care



# New Economic Development Partners

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- Chambers of Commerce, Key Business Leaders
  - » New advocates for child care
  - » More likely to be heard
- Challenge, child care is complex and these new partners do not understand that full complexity
- Whose voice will lead – business, economists or child care?
- Business leaders' collaboration with ECE must be as 'power with,' not 'power over'.



# **Cornell's Linking Economic Development and Child Care Project Reports**

**can be found at**

**<http://economicdevelopment.cce.cornell.edu>**