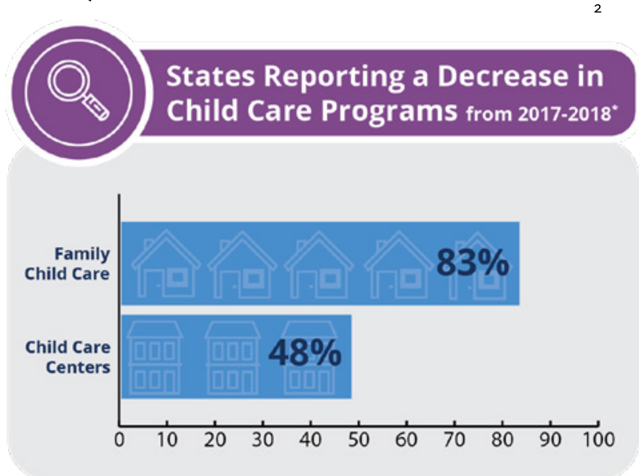
ONE PAGER

THE CHILD CARE SUPPLY CRISIS: WHY DEREGULATION IS NOT THE ANSWER

THE DECREASE OF CHILD CARE PROVIDERS IN AMERICA

Over the past few years, legislators and state administrators have noticed an alarming trend: a substantial decline in the number of child care providers. The decline has been especially pronounced for family child care, where providers often operate with little-to-no profit margin despite playing an invaluable role in meeting the needs of families. **According to the National Center on Early Childhood Quality Assurance, the number of small, licensed family child care homes fell by 35 percent between 2011 and 2017.**[1]

[2]

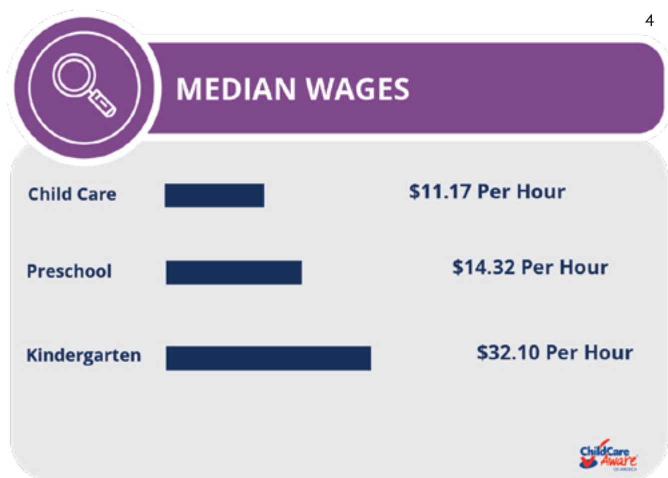


*Percentages calculated from 31 states that provided data for 2017 and 2018

So why are providers struggling to stay open? Here are a few of the primary reasons:

- **High Operation Costs** with small profit margins, particularly for infant and toddler care.
- **Entry Barriers** to become a provider, such as per-mitted housing and start-up costs.
- **Long Shifts**, with many family child care providers working up to 12 hours per day.
- **Recruitment issues**, particularly with younger generations, as other providers retire.
- **Low Wages**. Nearly 15 percent of providers live below the federal poverty line, and close to one-third do not even have health insurance. 53 percent are in families utilizing at least one federal assistance program.[3]

[4]



*Wages pulled from US and the High Price of Child Care, 2019 and the US Bureau of Labor Statistics.

NAVIGATING COMPLEX REGULATIONS & REQUIREMENTS

Many states have reported new or increased requirements and regulations as contributing factors to the decrease in family child care providers. In particular, providers are reporting difficulty navigating multiple and changing requirements, such as comprehensive background checks. And while some states offer programs to assist family child care providers, many are not able to participate due to practical issues such as **geographic distance, time of day, language barriers**, or simply **a lack of awareness**.

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A DEREGULATION PARADOX IN CHILD CARE

Does relaxing regulations and licensing requirements increase the supply of child care providers?

An analysis of the last five years reveals that **5 out of 6 states** permitting unlicensed, unregulated care for 6 or more children experienced declines in family child care providers larger than the national yearly average of 5.6%.

Yet in 7 states where unlicensed care is not permitted, **only 2** experienced declines larger than the national average. This suggests factors unrelated to regulations and licensing may be responsible.

NEW REGULATIONS ARE NOT THE PRIMARY CULPRIT

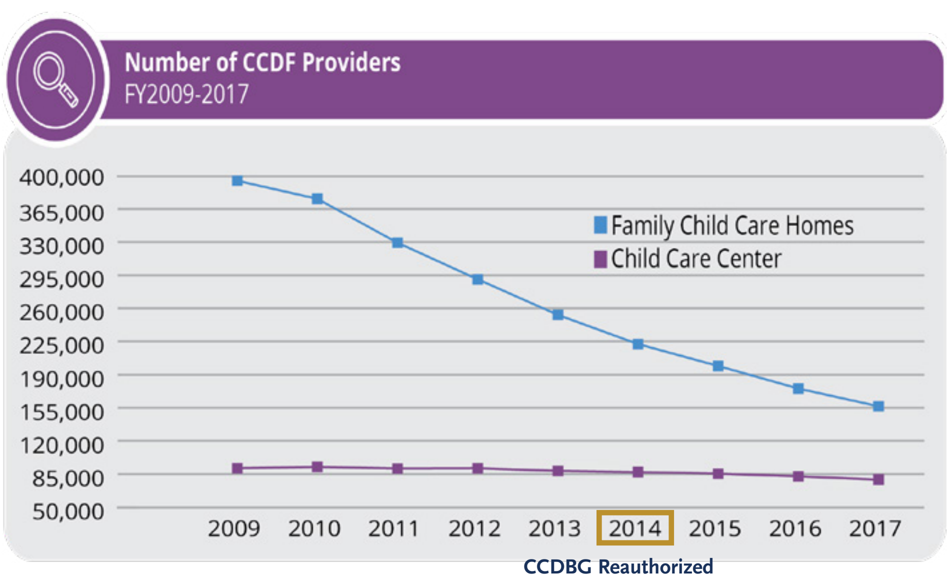
There is little evidence suggesting regulations contribute to the decline in child care. In fact, family child care providers were exiting the field in large numbers well before largescale federal regulations were put into place. The Child Care and Development Block Grant (CCDBG), the primary federal funding program for child care assistance, was reauthorized in 2014 with its largest addition of requirements such as ratios, inspections, and background checks. **But in the five years preceding CCDBG reauthorization, family child care providers accepting CCDBG recipients declined by over 40 percent**.[6] This suggests increased regulations are not the primary cause.

THE RIGHT WAY TO IMPROVE SUPPLY

Child care requirements help ensure children are in safe, high-quality environments. However, without support they place a large burden on providers.

Instead of wholesale deregulation, **we recommend a largescale investment in the child care workforce** to increase the supply of quality care, including:

- **Provide Support to Navigate Requirements**, including financial support, technical assistance, and flexibility for family child care providers.
- **Give Family Child Care Providers a Voice** by seeking their input in regulatory changes and supporting family child care associations.
- **Increase Compensation for Providers**, including increased pay, reimbursements, and tax credits.
- **Support a System of Professionalization and Advancement** for all child care providers.
- **Provide Business Startup & Maintenance Support** for providers.
- **Increase funding for Child Care Resource and Referral Agencies**, who engage in workforce development, build program awareness, and provide support for providers.



1 Addressing the Decreasing Number of Family Child Care Providers in the United States. National Center on Early Childhood Quality Assurance, September 2019. https://childcareta.acf.hhs.gov/sites/default/files/public/1909_addressing_decreasing_fcc_providers_final.pdf

2 Checking In on the Child Care Landscape: 2019 State Fact Sheets. Child Care Aware of America, 2019

3 The Early Childhood Workforce Index 2018. Center for the Study of Child Care Employment, 2018. https://cscce.berkeley.edu/early-childhood-workforce-2018-index/

4. US and the High Price of Care. Child Care Aware of America, 2019.

5 Leaving Children to Chance, Child Care Aware of America. 2012. Retrieved from https://usa.childcareaware.org/wp-content/uploads/2015/10/lcc_report_full_april2012.pdf, along with a review of state child care regulatory agencies' websites for updated information.

6. Checking In on the Child Care Landscape: 2019 State Fact Sheets. Child Care Aware of America, 2019.