

Child Care Assistance: Focus on Quality, Regulation

Policies that enable parents to work and promote children's healthy development will bring returns to the state budget. Iowa's Child Care Assistance (CCA) program aims to 1) help low-income working families become self-sufficient through access to affordable, quality child care; and 2) improve the quality of child care in Iowa. (See box)

Iowa's income-eligibility limit and low enrollment rates have prevented the state from realizing the full range of economic and societal benefits possible from child care subsidies. In addition, the quality of child care in Iowa is not at an adequate level to produce the greatest fiscal returns, especially among children in subsidized care where the potential for returns is highest. Iowa's existing CCA program could be expanded to achieve greater employment effects for low-income parents as well as improved child development outcomes for low-income children.

Iowa has one of the nation's highest percentages of employed parents of young children, yet some of the most restrictive child care assistance policies. Iowa must come to grips with this discrepancy and proactively address the child care needs of working families. Targeted policy changes can generate greater fiscal returns to Iowa's investment in Child Care Assistance.

Return on Investment

Our March report, "Strengthening Child Care Assistance in Iowa: The State's Return on Investment," (See www.IowaPolicyProject.org) analyzes returns from expanding this program to provide quality child care to more working families.

Financial assistance with child care costs helps low-income workers find and maintain jobs, earn more, and rely less on welfare. Part of the cost of child care assistance is recouped with greater tax revenues and lesser demands on state spending. When families rise out of poverty, the state also benefits in the long term from additional tax revenue and reduced spending as that family's children grow up to become workers.

Why Quality Matters – What Quality Child Care Could Mean For Iowa

Quality of care purchased with Iowa's child care subsidies demands attention. The greatest returns to investments in the CCA program come through improvements in children's daily lives that lead to long-term advancement for children.

- It is ultimately much less costly to build social, cognitive and communication competencies in high quality child care settings than to remedy those deficits in elementary school.
- Poor quality care may show up later in lower language, literacy, academic and social skills.
- Brain development research shows that the earliest years of life are the most critical. In fact, 80 percent of a child's brain develops by the age of 3, and 90 percent by the age of 5.
- Furthermore, research clearly shows the education, training and ability of caregivers to provide a safe and stimulating environment in these early years have an impact on the child.

Child care quality has a long-term impact because it affects development over time. Studies have found investments in early childhood education result in greater success in school, less need for special education or welfare, higher graduation rates, employment and earnings, better health outcomes, and lower crime rates — all of which lead to increased public revenues and reduced public expenditures.¹

Quality Investments Pay for Themselves

In a landmark 2007 study, Robert Lynch demonstrated that investments in high-quality early childhood education not only pay for themselves, but are “an effective public policy strategy for generating wealth and achieving a multitude of social and economic development objectives.” Lynch found:

- After a significant initial financial outlay, there is a substantial future payoff with reduced costs for special education, criminal justice and child welfare, as well as increased earnings and taxes.
- A program targeting low-income Iowa children would generate rapidly growing annual benefits that would surpass the more slowly growing annual costs of the program in 10 years, with \$2.17 billion in annual budgetary, earnings and crime benefits for Iowa when fully implemented.
- ***These annual benefits would exceed the costs of the programs by a ratio of 13.1 to 1.***
- A state program for high-quality early childhood education targeted at children from low-income families would begin to pay for itself within 12 years. Eventually every state dollar invested in such a program would return \$1.97 in increased taxes and budgetary savings.

Better Regulation and Enforcement

Iowa should continue to strengthen child care regulations and enforcement. Despite recent steps to strengthen Iowa’s registration system for family child care home providers, Iowa continues to have the least rigorous child care regulations of its Midwest neighbors, and the lowest ratio of inspectors to providers. DHS reports that “most children in child care are not in settings that are subject to regulatory oversight that ensures their safety and security.” There is an immediate and urgent need to improve the quality of registered and non-registered family child care home providers who are approved to receive public subsidy dollars. Iowa should:

- Require licensure for those providers caring for children under CCA, ensuring that all providers who receive public subsidies meet basic health and safety standards.
- Implement pre-service training requirements and pre-licensing visits to ensure that all caregivers have completed basic health and safety training before caring for children.
- Enforce requirements for CPR/First Aid training, especially among family home providers.
- Expand its voluntary child care quality rating system (QRS), requiring participation from all providers receiving subsidies. Ratings should be based on child ratio, group size, development and learning activities, cultural and linguistic competency, staff qualifications, credentials, and staff retention. Reimbursement for serving subsidized children should be based on the rating.
- Increase public awareness efforts to provide information on identifying child care quality as well as the quality ratings of Iowa’s child care providers to parents;
- Expand scholarships for the Child Development Associate (CDA) credential, as well as two- and four-year college degrees in early childhood studies; and
- Implement a program to increase the salaries of child care providers as they work toward two- and four-year college degrees in early childhood studies.

When raising quality standards, it is important to provide support for providers to meet them.

For more information and source information, see the full report at
<http://www.iowapolicyproject.org/2009docs/090325-CCROL.pdf>

¹Charles Bruner, *Many Happy Returns: Three Economic Models that Make the Case for School Readiness* (Des Moines: Child and Family Policy Center, 2004); Robert G. Lynch, *Enriching Children, Enriching the Nation: Public Investment in High-Quality Prekindergarten* (Economic Policy Institute, 2007).