Political Opportunities and Challenges
The U.S. Crisis of Care

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.

Mona Harrington 1999 Care and Equality (p 25)
The U.S. Under-Invests in Children and Families

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?

• 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* *infrastructure for economic development*
New Economic Development Approaches

• 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

- External Investment
- Competitiveness
- Technology, Management, and Information
- Labor
- Capital
- Land and Infrastructure
- Human Development
- Quality of Life

Investment Choices, Resource Management, Planning

- Exports
- Productivity
- Sustainability
Strategies: Productivity

• 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

- **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

• Quality of Life – Human Development
  » Once considered a product of economic development, it is now considered a \textit{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

• 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