

Four principles to guide child care policy in D.C.

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The District's child care crunch has been well-documented. Earlier this year, WTOP produced [a five-part series](#) on D.C.'s child care crisis, in addition to pieces from the [Washington Post](#) and [WAMU](#). Most recently, D.C. made [national headlines](#) by requiring that lead teachers at child care centers earn a bachelor's degree by 2020, the latest in a series of efforts to raise the quality of early care for the District's infants and toddlers. The [Mayor](#) and several [councilmembers](#) have proposed various solutions to improve supply, affordability, or quality of licensed child care, and more policy proposals are likely on the way. However, policy solutions tend to only address small pieces of this complicated issue. To truly address the needs of D.C.'s parents and children, we need to look at the big picture.

Note: *When we talk about “child care” in the District, the policy discussion is focused on the use of licensed child care centers (and, to a lesser extent, at licensed family home-based providers).¹ However, licensed center-based care is not the only form of non-parental child care available. [Parents turn to a variety of care options](#), such as nanny-shares, baby-sitters, au pairs, relatives, or unlicensed non-relative care; these alternatives (as well as pre-K) are important to understand as constraining factors on the market for licensed center-based care. However, for the purpose of this policy discussion, this piece will use “child care” to refer to care provided by licensed center- or home-based providers.*

¹ Most of D.C.'s licensed child care capacity is served by its 356 licensed child development centers, with a smaller proportion served by its 128 child development homes (which can serve up to six or 12 children depending on the type of facility). Source: [OSSE](#) (2016).

Supply, affordability, and quality

Policy solutions tend to address one or more of the three pillars of child care and early education—supply, affordability, and quality:

- **Supply:** Parents who live and work in the District face long wait lists at licensed child care centers, even when they can afford to pay private tuition rates.
- **Affordability and access:** Child care costs are quite high, especially when it comes to care of very young children: Infant care in D.C. at a child care center costs [typically costs over \\$1,800 per month](#). Subsidized care is available to low-income parents who meet certain requirements, but this still leaves many middle-income families (and low-income families who don't or can't access subsidies) with unmanageable child care costs.
- **Quality:** [Studies](#) show that when infants and toddlers are in nonparental care, it's very important that they receive high-quality care—care that is attentive, responsive, and contributes to their overall development. In fact, spending a lot of time in low-quality care settings can actually be harmful to very young children, particularly those who face additional barriers.

Each of these aspects is important, but they are also interconnected and difficult (if not impossible) to address individually.² As we'll explore later, increasing market-rate supply without addressing affordability doesn't increase access for low- or middle-income families, and efforts that focus solely on increasing quality can lower supply and raise prices. Furthermore, increasing supply and access without close attention to quality can lead to potentially harmful outcomes.

Why child care is expensive and scarce

Providing licensed child care is [unavoidably expensive](#). Child care regulations require high adult-to-child ratios for infants and toddlers, and personnel expenses make up around 70 percent of child care providers' cost according to a [joint report](#) from DCFPI and DC Appleseed. This is despite low salaries for child care workers in the area—typical wages in 2012 included \$18,720 per year for a classroom aide at a center and \$31,200 for a teacher with a Bachelor's degree, often without benefits; [more recent data](#) from the Bureau of Labor Statistics places the median wage for all child care workers (of all education levels) at \$11.89 per hour in 2016, or \$24,731 per year. Poor compensation in turn [contributes to high turnover](#), which can increase costs for providers and lower the quality of care. And in addition to these labor costs, providers must pay D.C.'s high rents and meet various health and safety regulations, including many up-front inspections and fees.

² For more, see Jane Waldfogel, *What Children Need* (2005).
<http://www.hup.harvard.edu/catalog.php?isbn=9780674046405>

So why can't providers recoup the full cost of child care through higher prices? It may seem strange to ask "why isn't child care *more* expensive?", but it's important to illustrate the constraints the market is under. Normally, we might expect that child care centers would increase their prices to comfortably cover their own costs; we know that wait lists are quite long, and we'd expect enough of that demand to persist even if providers charged more. But the catch is that D.C.'s very high-income families have other options, such as private nannies—an arrangement that may be more flexible and convenient for the family anyway, particularly if they have more than one young child. Faced with paying \$21,000 or so per year for a spot at a licensed child care center, less affluent families also consider other options, such as sharing a nanny with other families, [covering rent for out-of-town grandparents](#), or having a parent quit their job. Having alternatives makes them price sensitive—effectively imposing a [price ceiling](#) on licensed child care centers.

In sum, child care centers are squeezed on both ends: Their costs are high due to high labor costs, high rents, and regulatory requirements, but the presence of other types of care, from nannies to grandparents to parental care, limits the amount they can charge their customers. Within this cost squeeze, wages for child care teachers remain low, meaning providers face strong competition from pre-K and Head Start for qualified teachers—or may [choose to hire](#) less-qualified teachers, lowering the quality of their center's care. And they face high costs of infant and toddler care in a highly regulated environment. The result is the situation we have today: District parents face [long waitlists](#) for prohibitively expensive infant and toddler care, leaving many parents experiencing stress, uncertainty, and financial hardship, and leaving many children in precarious or low-quality care situations.

Child care and the effect of D.C.'s pre-K expansion

The situation has gotten more difficult for providers caring for infants and toddlers in recent years in part due to the success of D.C.'s expanded pre-kindergarten program, which includes three- and four-year-olds.

Pre-K in the District is now nearly universal, enrolling 70 percent of the District's three-year-olds and 84 percent of its four-year-olds in the [2016-2017 school year](#). This success has had some unintended consequences for the District's child care market. Without as many older children in child care (although some do remain), providers are caring for a greater proportion of infants and toddlers, who are more expensive for providers than older children due to [required](#) teacher-child ratios.³ Providers traditionally have been [unable](#) to charge parents of infants and toddlers the full amount required to recoup the cost of care, but this was [balanced](#) by the presence of older children in classrooms with larger class sizes and lower staff-to-child ratios. With three- and four-year-olds enrolled in public schools, this kind of "[underwriting](#)" is no longer possible. Some community-based

³ Currently, requirements are 1:4 in a center for children up to 30 months with a maximum group size of 8 children per room for those under 2 years and 12 children for those ages 2 to 2 and a half; this is compared with 1:8 for children between two and half and four years old, with a maximum classroom size of 16. <http://www.dcregs.dc.gov/Gateway/RuleHome.aspx?RuleID=3276192>

nonprofit providers can make up for the cost-price gap through fundraising and offering Head Start or DCPS pre-K classes, but providers who are not able to tap multiple income streams are left in a precarious situation.

Another side effect of D.C.'s pre-K expansion is that it has [increased competition](#) for qualified teachers, who can earn much higher salaries at DCPS or at community-based organizations that deliver pre-K. A DCPS teacher with one year of experience can earn a [base salary](#) of \$51,359, plus benefits; to really attract talent (beyond meeting regulatory staffing rates), teacher salaries at child care centers must increase significantly. To fully absorb this cost differential, hourly wages for child care teachers would have to go up from \$12 to \$25—meaning monthly fees charged per child would have to go up by over \$700 (assuming an average staff ratio of 3 to 1), an increase many parents can't afford to pay.

What we want child care to accomplish: Education policy, workforce support, public health, and more.

Different stakeholders may have different views of what we want child care to accomplish, and therefore what changes to prioritize. So it's worth taking a moment to be clear about our goals for child care policy, beyond simply increasing supply or lowering costs to parents:

- **Pedagogy:** Improve children's development, health, and readiness for pre-K and beyond;
- **Opportunity:** Support low-income parents with infants and toddlers who work, attend school, or pursue work-related training, especially if they work irregular hours;
- **Family support:** Keep low- and middle-income families from being priced out of D.C.;
- **Labor conditions:** Improve pay and working conditions for child care workers;
- **Workforce:** Increase workforce stability and decrease costly turnover for District employers.

However, these goals are sometimes at odds—especially when we don't consider how our complicated and evolving child care system fits together. Clearly identifying these competing goals can help us see how interventions to one part of the system may affect the others.

To this end, I propose the following four principles for framing discussions about early child care and education in D.C.

1. There are no quick fixes or silver bullets.

Child care is a complicated system with [many unknowns](#). It involves a large network of providers—small businesses and non-profits—with thin margins, operating in a multilayered system of regulations and requirements. At best, quick fixes will bring limited improvements to one part of the system; at worst, rushing through changes to

one part without understanding how it connects to others can have unintended consequences, potentially reducing the quality of child care received, on average.

For instance, child care teachers' wages are [extremely low](#), even compared with occupations with similar education levels. [With other options available](#), parents simply cannot or will not pay the high tuition rates that would allow providers to pay a salary commensurate with teachers' education and experience. Mandating that child care providers raise wages for instructors without understanding why wages are low will likely put licensed care out of reach for more families. The upcoming minimum wage increase will raise wages for many child care workers; the District should take this opportunity to consider how this intervention will increase costs, and how the city can reduce the impact on parents and on child care centers' ability to operate.

Similarly, [increasing reimbursement rates](#) to providers who provide subsidized care to low-income families, while expensive, seems necessary to pay providers for what the care costs—but probably won't have a large effect on increasing supply.⁴ It's a potentially useful policy change, but one that should take place within a larger conversation about what sort of system we are building for parents and children in the District.

In another example, D.C. recently raised [education requirements](#) for early care workers, requiring lead teachers to obtain an associate's degree. Better education and training for early care teachers [is important](#), but [difficult](#)—and in the current child care market, it's [less clear](#) that these teachers will see their wages rise enough in response to justify the investment (absent other interventions).⁵ Moreover, requiring a certain degree does not guarantee a quality education. Unless area schools [develop high-quality programs](#) to educate child care workers, D.C. likely won't see meaningful changes to teacher practice or the quality gains it expects. Professionalizing the child care workforce in the current system will require large and sustained investment from the D.C. government, in coordination with many other stakeholders, and will not happen quickly or cheaply.

⁴ As DCFPI and DC Appleseed have [noted](#), low subsidy reimbursement rates present a barrier for child care providers who serve a large proportion of low-income families, because they don't have as many private tuition spots to help cover their costs. Appropriately reimbursing providers who serve predominantly low-income areas will therefore help providers in those areas, but won't address any of the other underlying issues providers face (such as high start-up and expansion costs), or increase supply in other parts of the District.

⁵ One reason more early care workers don't have college degree is that their wages don't rise enough in response, particularly at lower-tier providers that accept vouchers. Those with appropriate education/credentials can earn much more at DCPS teaching pre-K. For instance, [typical wages](#) are \$31,200 for a child care teacher with a Bachelor's degree, often without benefits; a DCPS teacher with one year of experience can earn [a base salary of \\$51,359](#), plus benefits.

Example from Head Start: "We find that while the bachelor's degree mandate succeeded in raising the credentials of Head Start teachers, it did not alleviate — and in fact may have exacerbated — other challenges related to recruiting, retaining, and compensating a high-quality Head Start workforce."

<https://bellwethereducation.org/publication/best-teachers-our-littlest-learners-lessons-head-start%E2%80%99s-last-decade>

2. More can be done to support child care providers.

Federal and District-level regulations require a lot from licensed providers, especially if they accept [vouchers for subsidized care](#) for low-income families. Some of these [requirements](#) can be onerous, and it's worth examining whether any of them are unnecessarily restricting supply. Quality care in non-home settings is [very important](#) to children's development, particularly at young ages. Quality care is also expensive, which is not in itself a bad thing so long as the investments that are made improve outcomes. We should be finding ways to reduce unnecessary barriers for providers, and help them invest in teachers and programs that lead to higher quality care. This does not mean dialing back quality requirements to simply having "[a responsible adult in the room](#)," but focusing on what really improves quality.

As small businesses and non-profits, child care providers are not well-equipped to navigate the existing regulatory requirements they encounter from various government offices. The Office of the State Superintendent of Education ([OSSE](#)) and partners are already working on reducing administrative burdens, but more can be done on the government's side to help providers navigate this confusing web of agencies and requirements. This might include streamlining the regulatory approval process for providers, exploring ways to grant provisional approval to reduce up-front licensing costs, and providing enough [dedicated full-time government staff](#) who can serve as the point of contact to help providers navigate the various systems and requirements. Finally, while small or one-time grants may help providers clear some hurdles, the ultimate drivers of cost—from adequately compensating high-quality, highly-trained staff to paying rent in the District—are substantial and ongoing expenses.

3. Supply, quality, and cost must all be addressed together.

We are increasingly coming to understand that child care for infants and toddlers is not an afterthought, but something that affects [every aspect](#) of the child's development. Historically, though, child care has been treated as a workforce support, synonymous with daycare or babysitting. This view can lead policymakers to prioritize expanding supply above other factors, in the name of helping parents spend more time at work. This can lead to incentives that increase the amount of time children spend in center-based care, an approach that may not be best for the children themselves in all situations. Specifically, research from [Quebec](#) and other areas shows that for children, low-quality center-based care can actually [harm development](#) and lead to worse outcomes later in life—particularly for children [under age 2](#).

Because of the harms of low-quality care, we can't simply address increasing supply first and decide to improve quality later. Both must be addressed at the same time—along with cost reductions to parents so that this high-quality care is truly accessible to all. This is because, as the earlier discussion around child care teacher education requirements and wages shows, improving quality without addressing the increased cost this imposes on providers and parents *will* limit access, potentially increasing the number of children in low-quality care situations overall.

4. We need to look at the big picture: What does an accessible, affordable, and high-quality child care and education system look like?

Current methods to directly lower costs to parents—such as subsidized care for low-income families or providing various forms of [tax incentives](#)—are an important piece of the child care puzzle. The challenge is that so far, the extent of these measures has rarely been sufficient. [Reimbursement rates](#) to District providers who provide subsidized care to low-income families do not appear to adequately cover the cost of care, and most current or proposed tax incentives would cover only a month or two of licensed care in expensive jurisdictions like D.C.

The good news is that there has already been a lot of interest in understanding the dynamics of D.C.'s child care market. OSSE is trying to find ways to help local providers increase their quality of care, and is looking into how it can realign reimbursement rates for infants and toddlers at gold-tier centers. However, for these methods to fully and meaningfully address the costs of quality care for both parents and providers would require a staggering public investment. And as quality child care is increasingly seen as a necessity for very young children's development (as well as for parents' labor force participation), we may decide that this investment is worthwhile. But instead of approaching that point through piecemeal measures, it's a good time to step back from simply subsidizing the current system and have larger conversations about child care in the District: What are our goals for parents, for children, for child care workers? What is (and isn't) working in similar cities? What would an ideal system look like?

These questions should also think about child care's role in a child's overall development. For instance, [research](#) has shown the importance of letting parents spend time with newborn children, especially in the first months after birth; an ideal system might provide more support for parents who stay home for a certain length of time, rather than incentivizing center-based care at a very young age. (That's why it's important we [get paid family leave right](#), at the local and national level.) How can we provide care in a way that strengthens parents' bonds with their children, even when they are in nonparental care? How can we provide consistency and stability for very young children, even as they age through different care and education settings? How do we address the needs of parents who work irregular or nonstandard hours?

It's clear that more data is needed, and funding additional research and pilot programs to explore new models of care—from expanding co-ops and community-based care to leveraging existing educational and health systems—are excellent ways to help us understand what works, and how. But it's going to take a continuing conversation with all possible stakeholders to envision the type of system we want to build for the District's very youngest residents.

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