



POLICY Rx: Make Childcare More Affordable for Working Families 2019

The Issue

Balancing work and family responsibilities has become increasingly difficult for many working families. The cost of child care is a tremendous strain on many household budgets, especially in an economy where the majority of workers' wages have been [stagnant](#) for the past generation. To put the cost of quality child care for working families in perspective, the average cost of infant care at a child care center in Wisconsin is [higher](#) than the average cost of tuition at a public university. Child care costs are even more pronounced in more expensive urban areas, such as [Milwaukee County](#), where the annual cost for center-based infant care is over 18 percent greater than the statewide average, even though the median household income for a married couple family in Milwaukee County is actually lower than the statewide average by about 6.5 percent. In real terms, this means that a median-income family in Milwaukee County would pay 17.3 percent of their annual income towards child care for one infant.

State child care policy changes in Wisconsin have had mixed results for working families. On the one hand, Wisconsin's implementation of the [Youngstar](#) quality rating and improvement system has [dramatically increased](#) the overall quality of child care centers in the state. Unfortunately, Wisconsin's child care subsidy program for low-income families ([Wisconsin Shares](#)) has consistently been [underfunded](#) for the past nine years. As a result, fewer lower-income families can afford to send their children to high-quality child care centers and many of the centers that have implemented quality improvements may not be able to sustain these improvements without higher reimbursement rates from the state.

In addition to underfunding Wisconsin Shares, Wisconsin also [does not](#) have a state Child and Dependent Care Tax Credit (CDCTC). The federal government provides very modest assistance to low-income families through the non-refundable federal CDCTC. 26 states, including the District of Columbia, have [state CDCTC's](#), 12 of which are refundable.

Why is Making Child Care More Affordable Important to Women?

- High child care costs represent a barrier to women's participation in the labor force because working mothers also tend to have lower salaries than their male counterparts. For instance, the average working mother who earns at or below the poverty level would pay [43 percent of her income](#) for full-time child care for a child under the age of 5.
- Women continue to bear the [majority](#) of child care responsibilities, even in relationships where both partners work. Public policies that make child care services more affordable and relieve some of the burden of unpaid child care responsibilities on women help remove some of the barriers to employment faced by many women.
- The lack of affordable child care disproportionately affects women of color and single mothers, who are [significantly overrepresented in low-wage occupations](#). According to the National Women's Law Center, among mothers working in low-wage jobs, over half (57 percent) are women of color and nearly half (47 percent) are single parents.
- The many women providing child care are [themselves](#) among the working poor, with an average annual wage of approximately \$23,000 in 2017.



Wisconsin Alliance for Women's Health

What Wisconsin Can Do

[Kids Forward](#) has created a thorough report of Wisconsin's YoungStar and Wisconsin Shares programs that provides significant insights about how our state's child care subsidy and child care quality programs interrelate and can be improved to better serve working families and child care service providers. The [2018 YoungStar report](#) contains two main goals that would help to ensure the progress of quality child care:

- Support those who work in child care by working to address and solve the low wages of the child care workforce. Childcare programs cannot afford to pay the wages that attract highly qualified teachers. Solutions include tax credits for childcare employees and increasing the T.E.A.C.H. and REWARD programs to support the workforce.
- Increase the funding for childcare programs by protecting two programs on the decline.
 - Wisconsin Shares subsidy reimbursement rates [increased](#) slightly in 2017 by the end of the legislative session. They remain low so that they only cover 23% of the market price in Wisconsin. This causes a strain on budgets and limits the ability to hire quality teachers.
 - Because these subsidy rates aren't increasing, reimbursements are not keeping up with inflation. Increasing these percentages would help maintain quality standards.

According to [4-C](#), another current shortfall of Wisconsin Shares is that the program only has one eligibility scale for subsidies. This fails to account for regional cost of living disparities, which penalizes families in the higher cost counties that often have higher job growth. As a result, families lose child care subsidies before they can [afford](#) to pay for unsubsidized care. This affects their job stability and their children's access to quality early childhood programs. Having several different eligibility scales based on a county's cost of living would lead to more families transitioning out of poverty and a more stable workforce in many business sectors.

- Wisconsin could create a refundable state CDCTC which mirrors the federal CDCTC. Because the current federal CDCTC is nonrefundable, it [has limited value](#) to low-income families that already have no or minimal federal tax liability.

How Can I Help Make Affordable Child Care a Reality in Wisconsin?

- Contact your [state legislators](#) to urge them to support legislation that would increase state child care subsidies, create a refundable state CDCTC, provide more support to existing programs that are striving to meet higher quality standards, and increase career support and compensation for child care providers.
- Connect with organizations in Wisconsin already working on increasing access to affordable, quality child care:
 - [Wisconsin Early Childhood Association](#)
 - [Community Coordinated Child Care Inc. \(4-C\)](#)
 - [Kids Forward](#)
- Learn about why making childcare affordable is important for women's economic security with these resources:
 - [The Wisconsin Council on Children and Families: Are we at the Crossroads for Wisconsin Child Care?](#)
 - [NWLC: Persistent Gaps: State Child Care Assistance Policies 2017](#)
 - [NWLC: Improving the Child and Dependent Care Tax Credit Would Help Working Families and Promote Tax Fairness for Women](#)