



# CHILD CARE POLICY AGENDA

## Why Child Care:

The Alabama Institute for Social Justice (AISJ), formerly known as the Federation of Child Care Centers of Alabama, Inc. (FOCAL), was established in 1972 as a child-care advocacy agency in response to an outcry from a group of African-American women in Selma, Alabama, who sought to achieve quality and equitable child care for their children. While our mission has evolved, advocating for quality child care remains foundational to our body of work as we address barriers to quality educational and job opportunities and ensure a seamless transition for human success from birth to adulthood.

Child care is critical infrastructure which allows parents to enter and participate in the workforce while ensuring that our children receive high quality care and education. Yet despite its role as an essential service for our families, communities, and economy, our child care system is significantly under-funded and under-resourced. Even before COVID-19, the state of the child care industry in Alabama was, at best, fragile, and in underserved communities it was on life support. Today, however, we are in a state of crisis. If Alabama's economy and communities are to fully recover, we must address the issues resulting in child care becoming less and less accessible and affordable.

## Our Child Care Mission:

AISJ works to achieve meaningful and sustainable systems change in support of under-resourced children and families in Alabama's Black Belt.

Through the advancement of a bold organizational policy agenda rooted in racial equity and social justice, we seek to go beyond adjustments to the status quo and drive transformational change in public policy, organizational culture, and the public narrative within government, businesses, and our communities.

AISJ engages in advocacy to address barriers to quality educational and job opportunities and ensure a seamless transition for human success from birth to adulthood. Our work varies by issue but always centers five core policy goals: Intentionality, Integrity, Inclusion, Investment, and Impact.

## Child Care Policy Agenda:

- **Make Child Care a Public Good** – Change the approach to child care, which is currently treated as a private sector service available to those who can afford it, and instead treat it as a public good, vital to the wellbeing of our society and economy, and affordable and accessible for all.
- **Improve Workforce Development** – Value the work of child care employees and the critical role they play in educating and caring for our youngest citizens by establishing compensation and benefits standards that provide a living wage and investing in professional development opportunities.
- **Remove Market Rate Restrictions** – Transition away from the failed market rate model, which underfunds the actual cost of providing quality child care and early education, and implement a true cost-based model for funding child care.
- **Improve the Regulatory Environment** – Improve communication and collaboration with state and local agencies, simplify regulations, and remove obstacles that child care providers face so that they can focus on what they do best – running a business and providing quality care and education.

## Make Child Care a Public Good

The Alabama Institute for Social Justice works to change both public perception and government approaches to child care, which is currently treated as a private sector service available to those who can afford it, and instead treat it as a public good, vital to the wellbeing of our society and economy, and affordable and accessible for all.

### The Problem

The child care system in America has failed. Under the current structure, child care is neither affordable for families, nor financially sustainable for providers and workers. Many families can't access child care when and where they need it.

Families struggle to afford child care; for many it is the largest item in their monthly budget. According to the Economic Policy Institute (EPI), the average annual cost of infant care in Alabama is about \$500 per month, while the average cost for a four-year old is \$432 per month. Although the U.S. Department of Human Services states that affordable childcare should cost no more than seven percent of a family's income, the typical Alabama family spends about 22 percent of their income on child care for an infant and four-year old. Although subsidies are available for low-income families, eligibility rules are narrow and complex, and many families who struggle to afford child care fail to qualify.

Despite the costs faced by families, these funds aren't enough to cover the true costs of providing high quality care and education for our children. Providers are forced to look for grants and donations to subsidize their programs. Due to insufficient funding, the child care system relies heavily on the work of low-income and black women whose underpaid labor is used to subsidize the industry. Workers receive low, often poverty-level wages and few if any benefits, and many must use public benefits programs to support their own families.

Even when families can manage to pay for care, they often cannot access it when and where they need it. There may not be available spaces at nearby providers, or they may need care during non-traditional hours while working night, weekend, or holiday shifts.

Child care is a part of the critical public infrastructure that is foundational to a strong society and economy. Child care workers teach and care for our children during the critical birth to five period of social, emotional, cognitive, and physical development. And child care provides an essential service that supports parents to both enter and remain in the workforce.

Yet unlike other public goods that are important to our economy and society, such as highways, fire protection, and public schools, our child care system is designed as an unaffordable, inaccessible, and ultimately unsustainable private good.

## The Solution

Even before COVID-19, the state of the child care industry in Alabama was, at best, fragile, and in underserved communities it was on life support. Today, however, we are in a state of crisis. If Alabama's economy is to fully recover, we MUST save child care. go beyond adjustments to the status quo and instead drive a transformational change in child care. We must make child care the public good that it truly is.

Making child care a public good will:

- Properly fund the child care system to cover the actual costs of providing quality, affordable care for all families.
- Expand access to child care so that all families can find care when and where they need it.
- Increase the quality of early care and education for all children no matter where they live or what their family income is.
- Provide living-wage compensation and benefits for child care employees, decreasing workforce turnover, and creating new well-paying jobs.
- Enable parents to enter and remain in the workforce, leading to greater economic prosperity for families and a stronger economy for Alabama.

## How We Get There

- Provide robust government funding to cover the true cost of quality early care and education and ensure that families never pay more than 7% of their income for child care.
- Establish and fund living wage compensation and benefits standards for child care workers, along with clear pathways for professional growth and development.
- Expand provider networks so that there are enough child care spaces for all families within their own communities that meet the needs of our modern 24-hour, 7-day a week workforce.

## Improve Workforce Development

The Alabama Institute for Social Justice fights to ensure that the work of child care employees, and the critical role they play in educating and caring for our youngest citizens, is valued through establishment of compensation and benefits standards that provide a living wage and investment in professional development opportunities.

### The Problem

As a society, we have historically undervalued the work done by women and minorities, particularly black women. This inequity is systemic in the child care and early education industry, where the workforce is predominantly women, and disproportionately women of color.

Despite providing foundational education and skills development for children, as well as the infrastructure which allows parents to participate in the workforce, child care workers remain underpaid, receiving low, often poverty level wages.

Minorities and those who work with infants and toddlers make even less than their peers on average, regardless of their education level. These low wages mean that a majority of child care workers make use of public benefit programs to support their families.

Although child care workers care for and educate children during the critical period of growth and development from birth to five, they are paid significantly less than their peers in the K-12 system. Child care employees with the same skills and training, providing similar levels of care and education, can find themselves working beside colleagues making better wages simply because they staff a Pre-K classroom.

As a result, the child care industry has a high rate of employee turnover as workers leave for better paying jobs in other industries.

### The Solution

Child care workers have been historically undervalued and underpaid, despite the fundamental role they play in the social, emotional, cognitive, and physical development of children. It is past time to make equitable investments in the child care workforce, provide wages and professional development that accurately reflects the value they provide to our families, communities, and economy.

Investing in child care workforce development will:

- Establish living-wage compensation and benefits standards for the childcare workforce.
- Provide affordable and accessible opportunities and clear pathways for continued professional development that lead to career growth and higher salaries.
- Decrease the high rate of industry turnover.
- Increase the quality of care and education our children receive, particularly from birth to five.



# CHILD CARE POLICY AGENDA

## How We Get There

- Ensure American Rescue Plan child care and fiscal relief funds directly reach individual early care and education staff through increased compensation and retention and recruitment allowances.
- Increase child care funding to cover the true cost of hiring and retaining a quality workforce, including living wage standards and provision of benefits such as health care and paid sick leave.
- Provide financial support and incentives for child care workers to increase their training and education through continued professional development.

## Remove Market Rate Restrictions

The Alabama Institute for Social Justice advocates for Alabama to transition away from the failed market rate model for child care subsidies, which underfunds the actual cost of providing quality child care and early education and implement a true cost-based model for funding child care.

### The Problem

The current market rate model of funding child care subsidies has failed our families and providers. Existing payment rates represent only a fraction of the actual cost of providing quality child care and early education. The gap between rates and actual costs is even wider for programs that serve infants and toddlers.

The market rate model is based on what providers charge private-pay families, but these charges are artificially low and do not reflect the true cost of providing quality child care. Providers establish their private-pay rates based on what families can afford to pay and what other local programs are charging.

If parents cannot afford to pay higher rates, the provider may not be able to increase their prices to cover true costs. Providers must often seek other sources of revenue such as grants and donations to subsidize what they charge private-pay families. This underfunding also plays a role in the low salaries of the child care workforce, which is comprised of predominantly low-income and black women who further subsidize the industry with their labor.

Because the market rate is based on artificially low private-pay charges which are themselves subsidized, providers are caught in a cycle of continuous underfunding resulting in a perpetual struggle to keep their doors open and provide high-quality programs.

### The Solution

Covid 19 has amplified the critical role of child care in enabling parents to work and the financial precariousness of child care businesses due to insufficient funding that doesn't cover actual program costs. The time is now to move away from the failed market rate subsidy funding model to a true cost-based model that funds child care as the critical infrastructure public good that it is.

A cost-based model will:

- Cover provider's actual costs and ensure dedicated long-term funding, allowing providers to plan for the future and invest in program quality.
- Provide sufficient funding to establish living-wage compensation and benefits standards for the childcare workforce.
- Eliminate the need for providers to search for additional funding streams such as grants or donations to subsidize their programs, allowing them to redirect their time and resources back into their programs.



# CHILD CARE POLICY AGENDA

## How We Get There

- The Alabama Department of Early Childhood Education should use child care stabilization and state and local fiscal relief funds provided through the American Rescue Plan as an opportunity to transition away from the failed market rate model and move to a cost-based model for funding child care as allowed under current CCDF regulations.
- Congress and the US Department of Health and Human Services should build upon the principles of actual cost funding required by the child care stabilization grants within the American Rescue Plan, and eliminate the market rate model provisions within CCDF requirements, replacing them instead with fully-funded cost-based models.

## Improve the Regulatory Environment

The Alabama Institute for Social Justice works to improve communication and collaboration with state and local agencies, simplify regulations, and remove obstacles that child care providers face so that they can focus on what they do best – running a business and providing quality care and education.

### The Problem

Child care providers are committed professionals, who care deeply for children and excel at providing quality child care and early education to their communities while running small businesses. However, most are not experts at navigating the complicated and highly-technical processes that regulate and fund the industry.

Obstacles child care providers face include: lack of awareness of funding opportunities or regulatory requirements, overly complicated and time-consuming application and reporting processes, the use of unfamiliar jargon or technical language in communications, extensive documentation requirements, insufficient lead-time to prepare paperwork before deadlines, and lack of technical support, among others.

Many providers must spend more time navigating regulatory requirements and paperwork than they can growing their business, engaging with their families, enhancing their programming, and supporting their workforce.

And burdensome regulations don't just directly impact providers, Alabama's families are negatively impacted as well. Child care subsidy programs such as Alabama's Childcare Resources Supplemental Child Care Program are intended to help low-income families afford care, but narrow eligibility requirements prevent many struggling families from receiving the support they need.

### The Solution

Child care providers face a complex regulatory environment which limits the effectiveness of industry programs and investments. Engaging in collaboration that centers the experiences of the communities being served, improving communication, simplifying regulations, and removing obstacles facing child care providers will improve program impact and integrity, while allowing providers to do what they do best – provide quality child care and education.

Improving the regulatory environment will:

- Increase provider engagement and inclusion, centering the experiences of child care providers and families within the decision-making process.
- Improve relationships between providers and regulatory agencies, leading to partnerships that improve program impact and integrity.
- Ensure that providers and families receive the supports they need to provide and access quality child care and education.



## How We Get There

- Regulatory agencies and funding organizations should actively include child care providers and members of the workforce in the consultation, decision-making and strategic processes for rule-making and funding implementation in order to ensure the greatest positive impact and ROI for child care providers, workforce, and families.
- Revise regulatory and funding requirements, including application, approval and reporting processes, so that they are as simple, streamlined, and straightforward as possible for providers. Limit required documentation and information to only that which is necessary, such as for federal reporting requirements, and accept a variety of documentation.
- Increase and improve communication and transparency around organizational processes, decisions, and timelines related to regulation and funding. Communicate through a variety of mediums, in plain language, and provide free and accessible technical assistance to providers.