

THE WHITE HOUSE
Office of the Press Secretary

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FACT SHEET: Helping All Working Families with Young Children Afford Child Care

"In today's economy, when having both parents in the workforce is an economic necessity for many families, we need affordable, high-quality childcare more than ever. It's not a nice-to-have - it's a must-have. So it's time we stop treating childcare as a side issue, or as a women's issue, and treat it like the national economic priority that it is for all of us."

- President Obama, State of the Union Address, January 20, 2015

Helping working Americans meet the needs of their jobs and their families is a key part of the President's plan to bolster and expand the middle class. Access to high-quality child care and early education not only promotes a child's development, but it also helps support parents who are struggling to balance work and family obligations. A safe, nurturing environment that enriches children's development is critical to working families and is one of the best investments we can make in our economy. Yet today, a year of child care costs more than a year of in-state tuition at most colleges - putting a significant strain on parents.

Ensuring that children have access to high quality and affordable early childhood programs can help children prepare for school and succeed in later life while strengthening parents' ability to go to work, advance their career, and increase their earning potential. Research shows that money spent on young children is an effective investment, yielding benefits immediately to parents and for many decades to come for the children. For example, the President's Council of Economic Advisors' report on the Economics of Early Childhood indicate that investments in high-quality early education generate economic returns of over \$8 for every \$1 spent.

Today, President Obama outlined his plan to make affordable, quality child care available to every working and middle-class family with young children. His plan includes:

- Making a landmark investment in the Child Care and Development Fund that helps every eligible family with young children afford high-quality child care.
- Tripling the maximum child care tax credit to \$3,000 per young child.
- Creating a new innovation fund to help states design programs that better serve families that face unique challenges in finding quality care, such as those in rural areas or working non-traditional hours.

Two years ago, the President called for a continuum of high-quality early learning for America's children – including support for children and their parents beginning prenatally with evidence-based home visitation for young children and new and expecting parents and continuing through high-quality preschool for America's 4-year olds. Over the past two years, the federal government, states, philanthropists, and business leaders have invested nearly \$3 billion in high-quality preschool and early education. Today's announcement builds on these continuing efforts to make high-quality early education and child care available for all. These investments to expand and strengthen child care and early education programs complement the Administration's other efforts to help working families, including offering workers the opportunity to earn paid sick and family leave, a higher minimum wage, and equal pay for women.

NEW INVESTMENTS IN CHILD CARE AFFORDABILITY, QUALITY, AND AVAILABILITY

Parents who work in low-wage jobs can face real difficulties affording quality child care – in 2013, the average cost of full-time care for an infant at a child care center was about \$10,000 per year – higher than the average cost of in-state tuition at a public 4-year college – and much higher in some locations. Without help, many families can face the untenable choice of not working or leaving their children in unsafe, unstable, or poor quality child care arrangements. Affordable, quality childcare can help parents so they can go to work to support their family.

Learning begins at birth, and the earliest years of a child's life are those most critical for building foundational cognitive skills, social and emotional skills, and patterns of engagement in school and learning. Studies show that children who attend high-quality early learning programs – including high-quality child care – are more likely to do well in school, find good jobs, have fewer interactions with the justice system, and have greater earnings as adults than those who don't. Increasing the supply of high-quality, affordable child care can help parents balance work and family responsibilities while also investing in young children.

That's why this year the President proposes unprecedented investments in making quality child care affordable and available for working families by:

- **Expanding access to child care assistance for all eligible families with children under four years of age, within ten years.** The federal Child Care and Development Fund (CCDF) helps low- and moderate-income families with the cost of child care and increases the availability and quality of that care. States contribute matching resources for a portion of the CCDF funding they receive. But currently, federal and state funding for child care assistance falls well short of the need, and only a small share of young children receive federally-funded child care subsidies. The President's proposal will

ensure that all low- and moderate-income families (those with incomes below 200 percent of the poverty line, or approximately \$40,000 for a family of three) with children age three and under have access to a subsidy to pay for quality child care so they can work or attend school or job training. By 2025, this investment will expand access to high-quality care to more than 1 million additional young children, reaching a total of more than 2.6 million children served monthly through the child care subsidy system. To qualify for this funding, states will be required to develop sound plans for how they will build the supply of quality care for infants and toddlers and ensure that the subsidies they provide (when combined with reasonable copayments families can afford) will cover the cost of quality care.

- **Cutting taxes for families paying child care with a credit of up to \$3,000 per child.** The President's tax proposal would streamline child care tax benefits and triple the maximum child care tax credit for middle class families with young children, increasing it to \$3,000 per child. The President's child care tax proposals would benefit 5.1 million families, helping them cover child care costs for 6.7 million children (including 3.5 million children under five), through the following reforms:
 - Triple the maximum Child and Dependent Care Tax Credit (CDCTC) for families with children under five, increasing it to \$3,000 per child. Families with young children face the highest child care costs. Under the President's proposal, they could claim a 50 percent credit for up to \$6,000 of expenses per child under five.
 - Make the full credit available to most middle-class families. Under current law, almost no families qualify for the maximum CDCTC. The President's proposal would make the maximum credit - for young children, older children, and elderly or disabled dependents - available to families with incomes up to \$120,000, meaning that most middle-class families could easily determine how much help they can get.
 - Eliminate complex child care flexible spending accounts and reinvest the savings in the improved CDCTC. The President's proposal would replace the current system of complex and duplicative incentives with one generous and simple child care tax benefit.
- **Improving the quality of child care.** Last year Congress acted on a bipartisan basis to pass child care legislation that includes much-needed reforms to improve the quality and safety in child care settings, including requiring training for providers to prevent sudden infant death syndrome, instituting annual inspections of child care facilities, and comprehensive background checks of all providers. This proposal would provide the resources to help states implement those important reforms and support the expansion of access to quality child care programs staffed by early

educators that can provide developmentally appropriate services that promote the healthy development and school readiness of young children

- **Promoting Innovation in the Child Care Subsidy System.** The President will also invest \$100 million in new competitive grants to states, territories, tribes and communities to develop, implement and evaluate models of providing child care to address the unmet needs for families who face unique challenges to securing child care. These pilots could be used to develop promising practices for families in rural communities or have children with disabilities, parents who work non-traditional hours, and other families who struggle to find and use high-quality child care.

A COMPREHENSIVE EARLY EDUCATION AGENDA

In addition to the historic investment in helping every low-income and middle-class family afford child care, the President's FY16 budget will make critical investments to expand access to high-quality early education, including:

- **Providing Preschool for All:** In his 2013 State of the Union, the Obama Administration announced a proposal to provide high-quality preschool to every American child and the FY 2016 Budget will continue to support this historic public investment in early education and in the future of America's children. This \$75 billion partnership with states would extend federal funds to expand high-quality preschool to reach all low- and moderate-income four-year-olds from families at or below 200% of poverty. The proposal, financed through an increase in tobacco taxes which will discourage youth smoking and save lives, also encourages states to broaden participation to reach additional middle-income families and to expand the availability of full-day kindergarten. In December 2014, the President and Vice President hosted the White House Summit on Early Childhood Education, highlighting over \$1 billion in investments dedicated to early childhood education and development, including new efforts to expand preschool across 18 states and in over 200 high-need communities, reaching an additional 33,000 children.
- **Supporting Infants and Toddlers through Early Head Start-Child Care Partnerships:** This Administration has more than doubled the number of infants and toddlers in Early Head Start and, in 2014, created the new Early Head Start-Child Care Partnerships program – an effort to provide quality care to tens of thousands of additional infants and toddlers through a partnership between Early Head Start and child care providers that meet the highest standards of quality to serve children from birth through age three. The Obama Administration has invested \$500 million to support communities and proposes additional funding as they improve and expand comprehensive early care and education through the Early Head Start-Child Care Partnerships program, reaching over 30,000 infants and toddlers this year.

- **Increasing the duration of Head Start to a full school day and year.** Head Start is a key element of the Administration's efforts to help all children meet their full potential. The Obama Administration has already taken dramatic steps to raise the bar on Head Start quality, including requiring low-performing programs to compete for continued funding, and is revising performance standards to reflect the best available science on early learning and development. The President's Budget includes a new proposal to further increase the impact of Head Start – while also helping the working parents of Head Start children – by providing enough resources to make sure all children in Head Start benefit from a full school day and full school year (at least six hours a day, 170 days a year), which research shows leads to better outcomes for young children.
- **Investing in Voluntary, Evidence-Based Home Visiting:** Established in 2010, the Maternal, Infant and Early Childhood Home Visiting program builds on research showing that home visits by a nurse, social worker, or other professional during pregnancy and in the earliest years of life has benefits to parents and to children. These programs have been shown to significantly improve maternal and child health, development, and learning. These effects have proven to be long-lasting, with one study showing improved language and math abilities at age 12. Additionally, these programs have led to increases in parental employment and reductions in child maltreatment. To date it has supported more than 1.4 million visits in over 700 communities. The President's Budget would ensure the program does not end when funding is scheduled to expire in March 2015 and expand the program to reach additional families and communities. This proposal is also supported by the increased tobacco tax.

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