Building a Vision for Universal Public Childcare

Principles of a Childcare System That Works for Workers and Families

By Lena Bilik, Mary Beth Salomone Testa, Suzanne Kahn, Nina Dastur, and Meredith Loomis Quinlan







Economic Security Project

About the Authors

Lena Bilik is a program manager at the Roosevelt Institute, where she supports the think tank with research, writing, and project management. Bilik previously worked at the University of Connecticut, providing technical assistance to state and local governments improving their child-serving public systems, and at Children's Aid in New York City, where she advocated for equitable access to early childhood and K-12 education at all levels of government.

Mary Beth Salomone Testa is a policy advocacy consultant and founder of MBST Solutions. Testa works with providers, provider-led networks, philanthropic groups, researchers, and advocates, focusing on the strengths of childcare providers and connecting policy and practice.

Suzanne Kahn is vice president of the think tank at the Roosevelt Institute. Previously, she was Roosevelt's director of education, jobs, and worker power and director of the Great Democracy Initiative. Prior to joining Roosevelt, she most recently worked as a research analyst at SEIU 32BJ. Kahn is the author of Divorce, American Style: Fighting for Women's Economic Citizenship in a Neoliberal Era (Penn Press, 2021).

Nina Dastur is the director of state and local policy at Community Change, where she provides technical assistance to Community Change's grassroots partners on state and local economic justice issues, with a special focus on early care and education. Before rejoining Community Change, she was a senior fellow at the Georgetown Center on Poverty and Inequality, where she served as the lead author of the center's publication "Building the Caring Economy," which explored investments in early care and education and long-term care to create jobs.

Meredith Loomis Quinlan is an economic justice campaign manager at Community Change and leads the childcare work, alongside 20 state-based childcare organizing partners and a Childcare Changemakers base of 70,000 parents and providers organizing to realize the vision of a universal childcare system for all at the city, state, and federal levels.

Acknowledgments

We thank the Economic Security Project for their partnership and support on the work that went into this report. The authors also thank Melissa Boteach, Katherine De Chant, Ross Fitzgerald, Ruth Friedman, Erica Gallegos, Julie Kashen, Andrea Paluso, Alexandra Patterson, Natalie Renew, Yesenia Robles-Brown, Noa Rosinplotz, Cathy Sarri, and Aastha Uprety for their substantial feedback and contributions. We also thank the early childhood stakeholders we spoke to for this project for their invaluable wisdom. Any errors, omissions, or other inaccuracies are the authors' alone.



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About Community Change

Community Change is a national organization that builds the power of low-income people, especially people of color, to create a multiracial democracy and a fair economy where everyone can thrive.

About the Economic Security Project

The Economic Security Project advocates for ideas that build economic power for all Americans. It legitimizes bold ideas by supporting cutting-edge research and elevating champions, wins concrete policy victories for the communities that need to see change now, and provokes the conventional wisdom to shift what's considered possible. Its team of academics, organizers, practitioners, and culture makers disburses grants, runs issue campaigns, develops creative interventions and research products, and convenes to encourage investment and action from others.



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Executive Summary

The current early childhood care and education (ECE) system in the US is broken. Families struggle to access *and* afford ECE, and ECE providers across the workforce struggle to get by on chronically low wages. Half of families live in a childcare desert. At the same time, the ECE field faces a growing threat of corporate capture and private equity takeover. Some states are also seeing a push toward deregulation. **The US needs bold, transformative public investments to create a public, universal ECE system that can meet the needs of families**.

Over the past year, the Roosevelt Institute and Community Change hosted a series of conversations with a group of parents, childcare providers, and grassroots organizers to explore a proposal for a universal public ECE system. The conversations deliberately raised and worked through tensions and disagreement among existing stakeholders over how to imagine such a system. In particular, we discussed how to ensure that current stakeholders in the system—especially workers—do not get left behind in a transition to a public ECE system.

This paper offers a forward-looking framework to join ongoing conversations to imagine a truly public, universal ECE system. ECE providers we spoke with know that the system is broken and needs to be transformed *and* that a shift to a public universal system would involve trade-offs because of the entrenched interests established by the current system. Informed by and reflective of our conversations as well as our examination of other ECE systems around the country and around the world, this report proposes a public, universal ECE system that is affordable, coordinated, safe and high-quality, and inclusive and culturally competent. It proposes a system that would have an affirmative obligation to build out more supply and capacity; make ECE jobs good jobs with collective bargaining rights, a thriving wage, and good benefits; and include robust stakeholder engagement and transition support for small, independent providers to be a part of the new system.

The public system we propose rests on supply-side investments, where the federal government provides funding directly to providers and programs through grants and contracts—instead of providing subsidies to families and leaving them to identify and secure care on their own. In many ways our proposal is structurally similar to the existing Early Head Start program, with consistent high quality standards and the ability for care to be provided both by public providers directly as well as by small homes and centers that contract with the state and become nonprofits, or join nonprofit networks. Each of the components of our proposal is necessary to build a public childcare system that expands the ECE workforce and ensures adequate space and staffing levels alongside the quality required to meet the needs of all children and families, all while protecting public funding for ECE from corporate capture. We believe a truly high-quality, universally accessible system will build an engaged constituency of



supporters that will sustain it.

Our proposal aims to build a public infrastructure of care that is sustainable, affordable, high-quality, and universally accessible first and foremost. The system should meet the needs of families, including but not limited to: the needs of children with disabilities; the financial needs of families; the need for full-day, full-year care; the need for high-quality and age-appropriate youth development, care, and education; and the need for young children to have attentive, consistent adult relationships. We also envision ECE that above all provides safe, nurturing learning opportunities for all children. In order to build a public system that does all of that, we must offer ECE providers family-sustaining wages and benefits at parity with K-12 educators. We must understand such an ECE system as sitting within a broader care system that, ideally, includes one year of paid parental leave as well as comprehensive care beyond ECE including universal preschool, after-school, and summer care. We hope that this paper advances the conversation to transform the ECE system toward an accord that the field can mobilize around.

I. Introduction

The US is in the midst of an undeniable childcare accessibility and affordability crisis. In 2023, 69 percent of households with children under age six had both parents in the workforce (US Census Bureau 2023). Thus, the vast majority of parents need early childhood care and education (ECE). Accessible, affordable, high-quality ECE is a necessary part of a healthy economy and crucially beneficial and foundational for positive childhood development and well-being. The benefits children see from high-quality ECE often last into kindergarten, middle school, high school, and beyond (Schoch et al. 2023). Yet half of American families live in childcare deserts (Malik et al. <u>2018</u>), while the average annual price of childcare exceeds families' costs of transportation, food, health care, or housing in most parts of the country, putting formal care financially out of reach for low- and middle-income families alike (Child Care Aware 2023). The US Department of Health and Human Services defines unaffordable childcare as more than 7 percent of income; by that standard, about 43 percent of families with young children who pay for childcare pay unaffordable rates (Ross and Andara 2024). As a result, the US economy loses an estimated \$122 billion a year due to childcare challenges (Bishop 2023).

Former Treasury Secretary Janet Yellen called our current ECE system "a textbook example of a broken market" (<u>Yellen 2021</u>). Markets alone do not provide sufficient access to ECE. ECE is high-cost and labor-intensive, with low profit margins (<u>Schneider</u> <u>and Gibbs 2023</u>). Wages for ECE providers remain lower than in most other industries and far lower than those of educators who teach older children in the K-12 system, because providers cannot raise wages without increasing prices for families beyond what they can afford. Thus ECE wages remain too low to attract enough providers,



leading to serious supply shortages.

A functioning ECE system will require significant and sustained public investment to solve this market failure and create a truly public system for all. We are far past due for a shift from framing ECE as a problem for the private market and limited welfare funding to solve, to considering it a universal good for all children and families. Indeed, largely because of temporary COVID-era federal investment, we have seen unprecedented state and local ECE innovations in recent years. The federal government invested \$52 billion to supplement the ECE industry and support families that allowed states to stabilize operations for 220,000 childcare providers, lower childcare costs for 1 million children, increase compensation for more than 710,000 childcare workers, and create 385,000 new childcare slots (ACF 2024a). But states face major sustainability challenges now that that onetime relief funding has expired. While some states have used their own revenue to fill in these lost funds to good effect, others are instead loosening ECE regulations, increasing staff-to-child ratios, or decreasing training requirements in order to deal with the low supply of ECE (Mader 2024a). Private equity involvement is also a looming trend in the sector, with large for-profit childcare chains and franchises growing in prominence in recent years (Lynch and Su 2024). Deregulation and corporatization are not solutions; lower ratios lead to lower-quality care and safety risks for children, and early childhood education should not be subject to the profit motives of private equity.

In the face of these trends, there is broad agreement that we need bold, transformative public investments in childcare. Nevertheless, the ECE field itself has historically experienced tensions and disagreement over how to shape such an investment. These tensions often arise when considering how to craft an accessible, responsive, universal care infrastructure from current fragmented care programming. Among the chief issues we aim to reconcile is ensuring an ongoing role for the current workforce, which is overwhelmingly women and people of color, some of whom are small-business owners who operate private home-based family childcare (FCC) or small independently owned centers. These small-business owners have found ways to make ECE a meaningful career and meet families' needs despite operating in a chronically underfunded and under-resourced sector. Though providers agree that the system is broken-low access, low pay, and low supply are undeniable-many of them also understandably fear that large structural changes to the system could endanger their livelihoods, disrupt their autonomy, and shut them out of a system they have invested themselves in for their entire careers. Many communities also lack trust in the government and faith that public systems can truly meet the needs of diverse communities and families on a large scale, in part due to a history of chronic racial inequity and underfunding in large public systems like the K-12 educational system (Century Foundation 2020; Baker, Di Carlo, and Weber 2024).

The genesis for this paper and the accompanying conversations with parents, providers, and organizers came from an understanding of the inadequacy of the current



fragmented system and a hope to offer a responsive, forward-looking framework that could join broader conversations about how to imagine truly public, universal ECE born out of the strengths of current programs but divorced from their current limitations and vulnerabilities. In particular, the growing threat of corporate capture and private-equity takeover of ECE also drove this project and paper. Our proposal sets clear principles and guardrails around the receipt of public financing so that corporate interests cannot pillage public funding. Given historic disinvestment in this field, we also recognize that trying to protect against that pillaging necessarily implicates questions about the types of programs that should receive public funding. ECE providers we spoke with know that the system is broken and needs to be transformed *and* that a shift to a public universal system would involve major trade-offs because of the entrenched interests established by the current system and its historical precedents.

Informed by and reflective of those conversations, as well as our examination of other ECE systems around the world, this report proposes a public, universal, equitable ECE system that includes a "just transition" for the current workforce, especially those small providers who are critical assets in their communities. The "just transition" is necessary because an ECE system will only be able to serve all children and families if it has a sufficient workforce, including the current workforce who are already experts in this work along with a massive expansion of the field. We propose a public ECE system that would attract enough workers to staff the universal programs by offering current and future providers the workplace dignity, thriving wages, and benefits they deserve. This framing resonated with more of our stakeholders. As one provider put it, "We're doing a public good but not getting publicly compensated."

This proposal does *not* fully detail all of the operational components that would be required to enact it in legislation but instead outlines a structure that meets the principles identified by our stakeholders as well as our own goals for a public ECE program that addresses current countervailing market and political forces. We hope it is the start of further work exploring how legislation could best operationalize these principles.



A universal, public ECE system should have the following qualities, which are explored in detail in Section IV of this paper:

1. Affordable

• Free or accessed through a nominal base fee for all families

2. Universal

- Universally accessible, with ECE as a legal right for *all* children
- An affirmative obligation that the government ensure sufficient public spots through supply-side investments

3. Coordinated and Streamlined

- Non-fragmented governance structures
- Federally administered through state and/or regional infrastructure to support implementation and expansion

4. A Thriving, Diverse Workforce

- Thriving wages—more than just living wages—and benefits for a valued and well-resourced workforce
- A direct payment model through grants and contracts that covers providers' labor and other fixed costs
- The right to worker organizing and collective bargaining

5. Inclusive and Culturally Competent

- Culturally and linguistically competent care
- Universally accessible services for early intervention and for children with disabilities

6. Safe and High-Quality

• Child-centered safety and quality with consistent, evidence-based guidelines built with parent, family, and provider input

7. A "Just Transition"

• A plan to transition the current workforce into the universal system fairly and without disruptions

Other countries show us that it is popular and more cost effective to institute care on a continuum that includes paid leave and universal prekindergarten (UPK). Paid family leave for one year also accounts for the realities of infant care. We therefore recommend a universal ECE system that exists within a broader care system that, ideally, includes one year of paid parental leave as well as comprehensive care beyond ECE including universal preschool, after-school, and summer care (Edwards 2025).



When we describe our proposal as a "universal" and "public" ECE system, we mean a system that is sufficiently resourced with government funding to offer affordable, high-quality childcare for all families. We imagine strong labor protections so that all ECE providers can collectively bargain and in doing so expand upon the wins of current childcare unions to ensure a just transition, a sufficient supply of workers, and the ongoing sustainability of the system. We mean a system that has an affirmative obligation to create enough supply to meet parents' needs, so that childcare is available as a public good for all families. In our vision, universal ECE would allow public programs as well as licensed nonprofit private providers that contract with the government to offer care. Consistent and equitable quality frameworks and guidelines should allow for a variety of pedagogical approaches. This would all be a major shift from the way the US has operated for decades, so to support equitable access to contracting opportunities, robust resources and technical assistance would be made available for current private providers-such as small, independently owned programs-to transition their capacity into the new system. It would also require robust feedback structures so that parents and providers can be a part of the rollout and continued operation of the system.

Choice and Pluralism

Proposals for a universal ECE system necessarily implicate questions surrounding the importance of parent and provider choice. In conversations within the field, this debate has mainly revolved around the extent to which choice of care setting is prioritized for and by parents, along with providers' choice to operate as small for-profit business owners and exercise autonomy around other programmatic features, including choice of curriculum. We balanced our consideration of these important values, in both our conversations with stakeholders and the development of structural recommendations informed by them, with two principles: (1) an infrastructure of care at scale that is accountable to taxpayer investment (i.e., that is economically efficient) would not permit unlimited choice available to any individual family; and (2) the threat of private profiteering off of public investment-evidenced most particularly through the expansion of private equity-backed ECE programs but also in the growing movement of states to redirect public financing of K-12 education to vouchers—undermines the role of government in providing public goods and reinforces destructive structural inequities that limit the choices of parents and small-scale providers in other important ways. The framework we propose supports a range of social, emotional, developmental and intellectual options while promoting and protecting the conception of early childhood education as a public good that the state should provide, recognizing the trade-offs that this requires.



Parental Choice

This paper does not presume to know the kinds of settings that are most effective for all families. Given that, for too many families, their "choice" is constrained by cost and availability, it is difficult to know the care arrangements that parents would select for their children if affordability and accessibility were not an issue. What we do know: In fiscal year 2021 (the latest year for which data is available), out of the 1.4 million low-income children under the age of 13 receiving a childcare subsidy through the Child Care and Development Fund (CCDF), 73 percent were cared for in a childcare center, 7 percent in group homes, 14 percent in FCC homes, and 1 percent in the child's own home (ACF 2024b). A survey of families with at least one weekly nonparental care arrangement (subsidized or not) found that 66 percent were attending day care centers, Head Start programs, preschools, prekindergartens, and other center-based care; 34 percent were cared for by a relative; and 17 percent were cared for in a private home by a nonrelative (Hanson, Brobowski, and McNamara 2024).1 As of 2023, the number of childcare centers has rebounded to pre-pandemic levels, while the number of FCC homes continues to trend downward (Child Care Aware 2023).

A Bipartisan Policy Center national survey revealed that, although cost is an important factor, parent choice around ECE setting can be complex. The survey found that, though many parents prefer formal care, some prefer informal care regardless of cost. Data from the National Household Education Surveys (NHES) program in 2023 found that reliability of the childcare arrangement was the factor most often rated as "very important," followed by available times for care and qualifications of staff. The same NHES survey found that, among parents who searched for childcare, 72 percent reported that they had at least a little difficulty finding care, citing cost and lack of open slots most often as the primary reason for the difficulty (Hanson, Brobowski, and McNamara 2024).

Given the limitations of what we can know from data about parent choice in a broken system, we also considered the ways that K-12 voucher initiatives that direct some public funding premised on prioritizing parent choice have impacted universality, enrollment, funding, and quality of public K-12 education. Research shows, for example, that voucher programs do not improve student achievement and generally put large new demands on state and local budgets, increasing the cost of educating children in public schools (Wething 2024). Unmitigated school-choice policies can also increase segregation (Ukanwa, Jones, and Turner 2022). Avoiding negative externalities such as these drove our decision not to include a voucher system in our proposal. In order to build a truly public system

¹ These percentages add up to more than 100 percent because some families have multiple care arrangements.



and treat ECE as a public good, we are focused on how to build a public infrastructure of care that is sustainable, affordable, high-quality, and universal first and foremost. We can build a *public* system that meets the needs of children and their families, including but not limited to the needs of children with disabilities; the financial needs of families; the need for full-day, full-year care; the need for high-quality and age-appropriate youth development, care, and education; and the need of young children to have attentive, consistent adult relationships in their ECE programs. And, of course, a universally available public system does not preclude parents from choosing to utilize informal care arrangements or private options.

Provider Choice

The question of provider choice and autonomy has been a tension when stakeholders discuss how to improve our ECE system, specifically with small, independently owned ECE programs. Especially for women of color, childcare has provided a pathway to entrepreneurship and small business ownership. Even though parents' ability to afford care and low reimbursement rates significantly constrain providers' programming and financial viability, some owners view potential regulatory requirements as impinging on their autonomy to operate their businesses. Securing transformative increases in public funding for childcare is the underlying premise for our recommendations, not only to subsidize care universally but also to raise provider wages significantly and finance benefits to promote financial security for ECE workers, relieving owners of the limitations imposed by cost constraints. To ensure accountability and high-road labor practices across the program, the government will oversee receipt of those funds and require that providers shift their business models. Though our proposal only considers public and nonprofit programs eligible for public funding, we address the implications of this for the current workforce as comprehensively as possible in our "just transition" section, in which we lay out suggestions to effectively ensure that all current providers, including small independently owned programs, can be brought in to the public system and receive pay increases and improved worker benefits as a result.





This report

- summarizes the values and priorities of the stakeholders we interviewed;
- recommends the key defining characteristics of a public, universal ECE system to spark a broader conversation in the field, with the long-term goal of empowering the field to mobilize behind the need for public universal ECE;
- addresses the need for a "just transition" framework to ensure the current workforce is brought along in a shift to a public ECE system, for both worker justice and system capacity reasons; and
- highlights considerations and insights from the ECE systems in a selection of US states, localities, and other countries.

State and local organizing has been instrumental to secure new resources to address the childcare crisis, and a great deal of parent, provider, and grassroots community organizers have pushed their states to systemically reform their ECE systems. Many of those organizers shared their experiences and perspectives from those efforts to inform the ideas in this paper, and our proposal builds off the foundation established by these movements.

In our current moment, we recognize that calling for a massive federal investment to build a universal childcare system may seem naive or ignorant of the political vulnerabilities that a federal system would create. We have struggled with these questions, but we ultimately believe that the inequities across our current system demonstrate why a federal role will be essential to find bold, sustainable solutions that chart a path toward a system designed to meet the needs of all parents and workers. Such a role can only be played by a stable, democratic, and trustworthy federal government, which is what we must all be working toward daily. To power that fight, it is critical we remember what such a government could deliver: in this case, an effective, universal childcare system that meets the needs of children, families, and providers.



II. Methodology

We engaged community stakeholders across the US about what a "public option" for childcare would look like. We then proposed a structure of a system that we refined and improved based on further insights from organizers, parents, providers, and other ECE stakeholders who reviewed this paper.

Community Engagement Process

In August and September 2024, we interviewed directors and organizers from seven state-based organizations:

- **Family Forward Oregon** organizes parents, providers, and caregivers across Oregon. Together with its sister organization, Family Forward Action, it has advanced racial, gender, and economic justice in Oregon, with big wins in the state legislature. This includes passing a state paid family medical leave program, launching a new state-level department that is solely focused on childcare and early childhood education, securing funding to create new childcare facilities, requiring protections for home childcare providers who rent, and making childcare workforce training more accessible in multiple languages.
- **ISAIAH (Minnesota)** formed Kids Count on Us, an ECE provider network of over 500 small independent childcare centers across the state, in 2013. Through intensive leadership development and strategic campaigning, Kids Count on Us leaders have won important reforms, including nearly \$1 billion in new funding devoted to ECE and family services.
- **Mothering Justice** is dedicated to improving the quality of life for families by empowering mothers of color to take action on policy on behalf of themselves and their families in Michigan. Through training, fellowships, and action, Mothering Justice has mobilized thousands of moms and caregivers to build and push for the Mama's Agenda. This includes advancing policies that expand affordable childcare, paid family leave, maternal health, and more.
- Ohio Organizing Collaborative (OOC) formed the CEO project, a vibrant provider-led effort to win affordable ECE for working families and living wages for Ohio providers. With chapters in five core geographies in the state, and allies in more, OOC has been able to win policies that helped stabilize childcare provider businesses in Ohio with a powerful base of childcare providers, parents, and advocates.
- **OLÉ (New Mexico)** has been a steady force for ECE organizing in New Mexico since 2009. By organizing thousands of parents and early educators from across the state and leading civic engagement efforts, OLÉ played a central role in winning new stable funding streams that have nearly tripled New Mexico's



childcare program budget, improved access and affordability, and increased reimbursement rates to providers and pay raises for the workforce.

- **Parent Voices California** is a chapter-based, parent-led organization with offices in eight counties across California. For nearly 30 years, parents utilizing subsidized childcare have organized through Parent Voices to transform state policies. This includes eliminating family fees (co-payments), extending recertification periods to 24 months, updating income guidelines annually, and increasing wage replacement to 90 percent for the state's paid family leave program. Two chapters even won local childcare ballot initiatives. Parent Voices also works with the state's home-based provider union to win living wages and increased reimbursements.
- **Parent Voices Oakland (PVO)** was the lead organization of a county-wide ballot measure, Measure C, that passed in 2020. Because PVO mobilized hundreds of volunteers and thousands of voters to support it, Measure C now generates \$150 million per year for ECE programs and other family services. PVO develops grassroots leaders from the ECE community who now play a role in implementing and governing the program.

In September and October 2024, we held four community conversations with a total of 18 attendees from California, Georgia, New Mexico, New York, Ohio, Oregon, Pennsylvania, Texas, and Utah. These conversations included:

- Six childcare providers from centers and family childcare
- Five who identified themselves as both parents and childcare providers
- Seven additional parents

In March 2025, nine of the childcare providers joined in a follow-up discussion. In April, we shared the recommendations and principles with the organizers for their review. In June, we convened stakeholders in person to discuss a full draft of the paper.

The stakeholders we selected from six of the states listed are part of state-based organizations that have partnered with Community Change to advance their goals for their states' childcare systems. This necessarily means that our sample is not random but self-selected organizations that include biases from being a part of this specific community. These organizations have achieved many wins that will undoubtedly be useful in shaping the reforms that we hope to create in a national universal system. Each organization faced specific political realities and began this work on different timelines, so their innovations vary greatly. Their experience and expertise made them valuable guides to this research and offer a unique look into what it might take to create a national universal childcare system, as well as examples of efforts states can take to improve conditions locally until we can win federally.



All interviews and focus groups were conducted over Zoom and hosted by MBST Solutions, LLC, under contract with Roosevelt Institute. Juniper Language Transition, LLC, offered English and Spanish translation of materials and interpretation of discussion for the parent/provider focus groups. Facilitators used an interview guide created in collaboration with the Roosevelt Institute and Community Change to direct the conversations.² All participants received a small stipend to support their time and expertise.

Further Research and Considerations

From November 2024 to February 2025, we researched recent scholarly and grey literature to include up-to-date data, policy ideas and recommendations, and commonly cited challenges with our current system. We also researched what could be learned from the approaches of other countries and specific US local governments' innovative approaches to expanded access to ECE. We considered models from Canada, France, Norway, Massachusetts, New Mexico, and Washington, DC.

III. The Current System: Underfunded and Insufficient

The scarcity that plagues the American ECE system comes from its significant underfunding. The US ranks 35th out of 37 countries tracked by the Organisation for Economic Co-operation and Development in spending on ECE relative to GDP (<u>OECD</u> <u>2021</u>). Instead of seeing it as a public good, like K-12 education, the US has long understood and structured ECE as more akin to a private market, with the government only stepping in to help some of the poorest families (<u>Michel 2020</u>).

This has led to a layered and patchwork system that families and providers have to navigate in search of care and financial support. The US Department of Health and Human Services defines unaffordable childcare as costing more than 7 percent of income, but most US families spend between 8.9 percent and 16 percent of their income on full-day care for just one child (<u>US DOL 2024</u>)—a proportion that is too high for most families no matter which tax bracket they fall in. The national average price of one year of childcare for 2023 was \$11,582 (<u>Child Care Aware 2023</u>). For context, the median cost of a year's worth of rent was \$15,216 in 2022 (<u>US DOL 2024</u>).

While cost is a significant obstacle for many families, it is not the only barrier families face accessing stable ECE: Supply is persistently low across the country. As of 2018, the last time a major study on lack of ECE sites was conducted, half of American families were living in a childcare desert (Malik et al. 2018), and this was before the challenges of the COVID-19 pandemic. Low-income and rural families are most likely to live in underserved areas, and 60 percent of the combined populations of American Indian

² See appendix for discussion questions.



and Alaska Native and Hispanic/Latino families live in childcare deserts (<u>Malik and Hamm, 2017.</u>). The undersupply of care is driven by razor-thin operational margins and low wages across the labor-intensive sector; even programs that have physical space to accommodate additional families struggle to secure and retain ECE providers, who make a median hourly wage of only \$14.60 (<u>BLS 2025a</u>). The following section presents an overview of the current system that stakeholders are forced to navigate.

Existing Federal Funding for ECE

The current US ECE system is fragmented and decentralized, with a wide range of programs and delivery systems including community-based childcare (including family, friend, and neighbor care [FFN]), public care, private for-profit and nonprofit childcare centers, and licensed for-profit family childcare (FCC) homes. The overwhelming majority of care is secured and paid for by families without direct publicly funded subsidies. Additional financial support is available to families who qualify for childcare-related tax credits and subsidies.

Most major public investment in ECE in the US has been via demand-side investments, including subsidies and tax credits that do not cover the true cost of care—specifically, family-sustaining wages for caregivers that would attract and retain workers.³ While these existing programs are and have been critical for helping families access formal care, they are not sufficiently funded to finance a functioning or sustainable system. Further, these tax credits cover only a fraction of the cost of care, and many families who might otherwise qualify to receive them can simply not afford to pay for care up front and be reimbursed at tax time.

The Child Care and Development Block Grant (CCDBG) Act of 1990 is a largely demand-side investment that authorizes discretionary funding for state, territorial, and tribal governments to make childcare more affordable for low-income working families and to set minimum health and safety requirements for most childcare programs. Lead agencies use these funds to subsidize childcare expenses for eligible families and to improve the overall quality and supply of childcare. At that lead agency level, discretionary CCDBG funding is combined with mandatory funding from the Child Care Entitlement to States, which collectively compose the Child Care and Development Fund (CCDF) administered by the US Department of Health and Human Services (HHS). With a few exceptions, to be eligible for CCDF subsidies, a child must be under 13, live

³ Existing US federal funding for ECE is administered by the Department of Health and Human Services (HHS) and the Department of Education (DOE). Sources of funding include: Child Care and Development Block Grant (CCDBG) and the Child Care and Development Fund (CCDF); Head Start and Early Head Start; Early Head Start - Child Care Partnerships (EHS-CCP); Preschool Development Grant Birth Through Five (PDG B-5); Individuals with Disabilities Education Act (IDEA); Maternal, Infant, and Early Childhood Home Visiting (MIECHV); Child Care Access Means Parents in School (CCAMPIS); and tax expenditures that help offset (not cover) ECE expenses through the Child and Dependent Care Tax Credit, the Employer-Sponsored Dependent Care Tax Exclusion, and the Employer-Provided Childcare Credit.



with parent(s) who are working or in a job training/education program, and have a family income at or below 85 percent of state median income (Lynch 2024). In 2021, 11.5 million children were eligible for childcare subsidies under federal rules; under state rules, only 8 million were eligible (Chien 2024). However, current CCDBG funding only provides childcare to 15 percent of eligible families (Fillion 2023).

Currently, states must have licensing systems for programs to receive federal funds, but they can decide which care settings are required to comply and which are exempt. Under the CCDF, parents receiving subsidies can choose their provider, including a family member or a nonrelative if they meet basic health and safety standards, though FFN care is often legally exempt from licensing requirements. States can use CCDF funds to subsidize childcare slots for low-income, working parents through two mechanisms: certificates (e.g., vouchers, which families can take to any provider of their choice, as long as they meet CCDBG requirements) or grants and contracts. In FY2021, 94 percent of children served by CCDF received certificates, but a 2024 rule will require lead agencies to enter into some grants and contracts to address supply issues impacting children in underserved areas, infants and toddlers, and children with disabilities (Lynch 2024).

The income thresholds for these programs leave out many families who aren't low-income enough to receive subsidies but cannot afford to pay for care without assistance. An Urban Institute model shows the significant potential impact of a relatively small expansion: If CCDF subsidies were expanded to (and actually reached) families with incomes below 150 percent of the federal poverty level, that alone would allow 270,000 more mothers to join the labor force and reduce the number of children living in poverty by 3 percent (Giannarelli et al. 2019). Further, the stringent means testing inherent to the current system causes major barriers for families and providers; the eligibility process is often burdensome, complex, and slow (Lee et al. 2022), highlighting the need for universal access.

Head Start serves some young children living in poverty, while Early Head Start serves pregnant low-income women and children aged 0–3. Established in 1965 to ensure school-readiness for children in low-income families, Head Start is administered by the Administration for Children and Families (ACF). Head Start and Early Head Start are the only major supply-side investments the US currently makes in ECE, awarding direct grants to public agencies, private nonprofit and for-profit organizations, tribal governments, and school systems. To qualify, families must have income below federal poverty guidelines, be receiving Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, or Supplemental Security Income. Children in foster care or experiencing homelessness are also included in the program. Head Start programs not only provide care but also offer whole-family, whole-community services like case management; educational, nutritional, and mental health services; health screenings; and parent and caregiver support that are vital resources in many low-income, high-need communities.



In many ways, Head Start serves as a good starting point for imagining an expanded, public, universal system. Head Start offers subsidized ECE programs with demonstrated positive impact (NHSA n.d.)-but HHS estimates that far more children are eligible than can be served because of limited resources (GAO 2024). Research shows that Head Start and Early Head Start do not reach even half of children at 100 percent of the federal poverty level (all of whom are eligible). A 2022 report on state-by-state Head Start data shows wide variation in how Head Start programs operate across different states, from funding and teacher salaries to program duration, transportation, ability to serve children with disabilities, and staff turnover (Friedman-Krauss, Duer, and Barnett 2022). Access also varies widely across the country-the percentage of children in poverty who are served in Head Start ranges from 7.7 percent in Nevada to 56 percent in North Dakota, and the percentage of children in poverty who are served by Early Head Start ranges from 5 percent in Nevada to 38 percent in Washington, DC.⁴ Additionally, Head Start has been overdue for reauthorization since 2012 and has been the subject of partisan political fights, including, most recently, indications that the current Trump administration could eliminate the program altogether (Gecker 2025), which would be devastating to the availability of ECE, increase the number of families living in childcare deserts, make ECE financially out of reach for low-income families overnight, and undermine the ability of families to participate in the workforce. Head Start provides an important supply source in rural communities—a 2018 study found that in 10 rural states surveyed, Head Start programs represented 22 percent of the overall childcare supply (Malik and Schochet 2018).

Our underfunded and means-tested federal interventions, though they provide meaningful support to a small share of highest-need families, do not do enough to solve the market failure at the heart of the American childcare system: The people who need ECE (i.e., young parents at the start of their earning potential as well as low- and moderate-income families) cannot afford to finance the entire system on their own, because the cost to maintain the current supply—let alone stimulate supply at the scale needed—exceeds the amount they can pay.

The ECE Workforce

The lack of sufficient government intervention in the market failure inherent to ECE effectively suppresses wages for childcare providers, which only fuels the cycle of low supply of programs. Compared to kindergarten and elementary school teachers, who make a median yearly wage of \$62,310 (which is still not a truly thriving wage), early

⁴ Washington, DC, has universal preschool programs for three- and four-year-olds, which enables the district to direct more of its federal Head Start funding to Early Head Start. Additionally, though North Dakota has a high percentage of eligible children in Head Start, it only enrolls 17 percent of eligible children under three in Early Head Start. More research is needed to explore these discrepancies and determine why they exist (<u>Friedman-Krauss, Duer, and Barnett 2022</u>).



childhood workers make a median yearly wage of only \$32,050 per year (<u>BLS 2024a</u>; <u>2024b</u>). In 2024, the early childhood education workforce was compensated at lower rates than 97 percent of all professions (<u>McLean et al. 2024</u>). As a result, staff recruitment and retention is an ongoing challenge; a 2023 survey of Head Start grantees found that 65 percent of respondents reported staff vacancies as higher than usual and cited low compensation as the top reason (<u>NHSA 2023</u>). We will never solve the problem of low access to quality, affordable ECE in the US without significant government investment to raise wages for ECE providers. **A universal ECE system must ensure that investments to reform the sector offer wage enhancements**, **benefits, the right to collectively bargain, and the career stability needed to benefit the current and future workforce**.

The ECE workforce has long been a route to employment for communities historically excluded from other occupations because of racism and sexism (<u>Yellen 2020</u>). More than 90 percent of childcare providers are women, and more than a third are people of color. Childcare providers are also more likely to be immigrants and come from lower-income backgrounds than public school teachers (<u>US Department of the Treasury 2021</u>). The historic undervaluing of the labor of people of color, rooted in the legacy of slavery, has contributed to persistent low pay rates for the ECE sector, especially impacting Black women providers, who make less than their white peers across care settings and racial groups (<u>Austin, Edwards, and Whitebook 2019</u>).

Historically, unionizing domestic workers, childcare workers included, has been difficult. This is partly because of the nature of this work, with workplaces that are often isolated and separate from each other. Additionally, domestic work was never afforded the same labor rights and protections that the United States afforded mostly industrial workers through the National Labor Relations Act (NLRA), which determines which workers have the right to form a union. ECE workers' exclusion is largely due to the legacy of racism and gender discrimination: Domestic workers, who were disproportionately Black and brown women, were not afforded the labor protections of the NLRA or other aspects of New Deal (alongside agricultural workers). This was the result of a compromise struck with racist Southern Democrats as well as lobbying by white middle- and upper-class women whose children were cared for in their homes by women of color (National Domestic Workers Alliance n.d.; Guglielmo 2024).

In recent years, 11 states have adopted collective bargaining policies for home-based care workers, including those providing childcare (<u>Collins and Gomez 2023</u>). Childcare unions have bargained to win workers' benefits not just for FCC providers but for center workers as well. However, those new classifications are limited. More data are needed on union density in the sector, but the childcare industry has been reported to be largely nonunionized (<u>Bamburger 2020</u>). While unionization has greatly benefited the childcare providers for whom bargaining rights were extended, in much of the country family providers have no legal ability to unionize.



Head Start providers have the legal right to unionize, and some Head Start unions are very active (e.g., in New York City). Center-based providers are usually classified as employees, allowing them to bargain and organize under the NLRA, as long as they are not directors or owners. Where childcare workers are unionized, their wins have been significant.

Because this legacy of discrimination and few worker protections keep childcare shortages persistent and devalue the work of early childhood education, we must boldly transform our system to truly offer ECE as a public good.

Private Equity and Corporate Capture

One symptom of our fragmented system without sufficient public infrastructure is the growing role of investor-owned childcare, particularly private equity-backed childcare companies, franchises, and chains. Private equity is an investment mechanism that buys and manages companies with the goal of selling them for a profit. The businesses' profit model propels companies to cut jobs or even increase debt in order to pay back investors (Lynch and Su 2024). Private equity owns two of the largest childcare providers in the US: KinderCare and Learning Care Group (National Women's Law Center and Open Markets 2024). The third largest provider, Bright Horizons, is now publicly traded but originally was private equity-owned, and its private equity-backed childcare companies operate through large chains and franchises that have childcare centers in multiple states. Between 2020 and 2022, large for-profit chains grew by 8 percent (Ligon and Peckham 2022). All together, investor-backed childcare chains serve over 750,000 children every day, 10 percent of the overall childcare industry (Haspel 2023).

Because private equity–backed companies are designed as vehicles to benefit investors, not children or families, they lack incentives to prioritize the long-term health of their companies, their employees, or the children they serve, and they face few if any consequences for failure. As such, it is highly risky to have a significant share of childcare supply provided and controlled by private equity and other investor-backed chains. A review by the Private Equity Stakeholder Project found that private equity firms played a role in 65 percent of the largest US corporate bankruptcies during the first six months of 2024 (<u>O'Grady 2024</u>). The childcare sector is not immune to those risks; research and recent examples out of the United Kingdom demonstrate the vulnerabilities of investor-backed childcare chains to sudden collapse from economic shifts (<u>Simon et al. 2022</u>). This is particularly alarming because consistency of care is extremely important for children's well-being and for the childcare needs of working families.

In addition to the extractive threats posed by private equity's entrance into the care sector, research has generally found that nonprofit centers provide higher-quality care



than for-profit chain counterparts.⁵ Congressional Research Service (CRS) data analysis suggests that 47 percent of for-profit franchises and chains experienced high turnover, compared to 30 percent or less in other care run by nonprofits or government entities (Lynch and Su 2024). Center directors in private equity-owned companies have also reported being "pressured to prioritize raising enrollment rates above all other considerations" (Stienon and Boteach 2024). A 2022 New York Times investigation reported that investor-backed childcare chains have even lobbied against universal childcare policies in order to protect their profits (Goldstein 2022). Care and education for the youngest children, at one of the most critical ages for brain development, should be a public good, free from the profit motives of big corporations and private equity.

Recent Policy Innovations: COVID-Era Relief Funding, State **Pre-K Policies, and Federal Legislation**

The challenges of the current patchwork system have not gone unnoticed by policymakers, and we have seen significant efforts to remedy them at the local, state, and federal levels in recent years. There is much to learn from these efforts, and they shape how the stakeholders we spoke with understand the possibilities of a public system.

The COVID-19 pandemic laid bare and deepened existing vulnerabilities in the ECE system. The government responded first with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, then with the 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and finally with the 2021 American Rescue Plan (ARP) Child Care Stabilization funding, which prevented the COVID-19 crisis from irreversibly damaging the ECE sector. The ARP had two important streams of ECE funding: \$24 billion for the stabilization program and \$15 billion in supplemental CCDF funding. Like many other COVID-era investments, this funding temporarily demonstrated the positive potential of transformative federal investments in social programs, where relief funding was a critical lifeline for both families and programs. One National Association for the Education of Young Children (NAEYC) survey found that nearly half of providers reported using the funding to pay off debt they had acquired during the pandemic (<u>NAEYC 2022</u>). It also allowed states to experiment with strategies to expand access and affordability. Using ARP funds, eight states (Georgia, Illinois, Indiana, Kansas, Michigan, New Hampshire, New Mexico, and Virginia) were able to increase income eligibility for families or waive childcare copayments (Gibbs et al. 2024). Some states raised educator wages or used the funding for provider job

⁵ Small, independently owned centers, FFN, and FCC programs can be for-profit-thus the aforementioned tensions around who gets funding via a national public system. But definitionally, we must clearly differentiate between large for-profit chains backed by venture capitalists or private equity firms and small, independently owned homes and centers that earn a living by caring for children in their community without outside investors and certainly without massive profit.



CHANGE

benefits like health insurance and paid time off. In aggregate, the funding allowed states to increase wages for more than 710,000 childcare workers. Some states were able to leverage the funding to increase much-needed supply; ARP funds created an estimated 385,000 new childcare slots (<u>ACF 2024a</u>).

Although these innovations illustrate the ability of federal investment to shore up the childcare sector, the COVID-related funding was temporary. A 2023 CRS report warned of the upcoming childcare funding cliffs, flagging that failing to sustain those COVID-era investments could have negative effects on the childcare market like increasing prices and shuttering providers (Boyle and Lynch 2023). Not surprisingly, though ARP funding stabilized the childcare workforce, job growth has been sluggish since funding expired (CSCCE 2025). A year out from the 2024 funding cliffs, a pattern has emerged: States that took action to fill the gaps, either with state funds or by leveraging alternative federal funding for childcare, were much better off than the states that did not (Kashen and Valle Gutierrez 2024; Sun 2024).

One product of a fragmented ECE system is deep inequities in access to care across geographies. The post-ARP funding experience across states has starkly highlighted this inequity: While every state faces significant access and affordability challenges, individual states' level of commitment of state revenue after COVID-era federal funding expired also varied widely. A 2024 National Women's Law Center analysis of census data found that the number of families with children under 12 without childcare increased by more than 5 percentage points between fall 2023 and spring 2024 in states that did not procure significant state funding to fill the gaps in the childcare sector left by the federal funding cliffs. The states that *did* allocate alternative funding to fill the gaps had a different story, with the share of women with children under 12 reporting being unable to work because of lack of childcare decreasing in those states from 45.3 percent to 31.9 percent (Sun 2024). Two things are true: (1) States and localities have stepped up, with organizers, advocates, and parents pushing for innovative policies to expand and transform their local childcare sectors; and (2) sustaining and effectively implementing initiatives at the local and state levels can be much more challenging. States cannot deficit spend, and the current patchwork leads to geographic inequity in access and services. Federal investment is more sustainable and universal than state funding. As we get further out from the ARP funding expiration, many states may struggle to sustain high enough levels of funding given the economic challenges of state budgets and the political challenges of passing sufficient revenue-raising policies.

In the years preceding and following the pandemic, many states and localities took steps to implement universal preschool (UPK) programs to fill in care gaps left by federal inaction. Though the trend of state- and local-funded UPK is a positive development for children and families, piecemeal UPK initiatives have also illuminated the need for comprehensive federal investment. In certain instances, state and local UPK initiatives, without simultaneous and matched investments in care for the entire age spectrum of ECE, have led to unintended negative consequences. The childcare



business model leans heavily on colocating older and younger children. Since care for younger children requires a smaller staff-child ratio, centers cross-subsidize their infant and toddler slots with tuition from three- and four-year-olds—but providers can't do this if all the three- and four-year-olds are placed in separate UPK facilities. The other issue is that when UPK pays higher wages than jobs caring for younger children, programs for infants and toddlers lose good staff, further decreasing childcare availability for parents of younger children. New York City, which launched a well-attended UPK program, lost 2,700 infant and toddler slots in private centers as a result, all in areas of high poverty (Brown 2018). We are highlighting this phenomenon not to imply that states and localities should not implement UPK but rather to emphasize the importance of comprehensive, universal reforms that include UPK as one component of a well-resourced birth-to-five continuum of care.

The UPK movement at the state and local level as well as the lessons of ARP funding for childcare inform federal legislation that has been proposed in recent years. Most notably, the Biden administration's Build Back Better proposal included \$400 billion over six years for childcare subsidies to reach all eligible children, expand eligibility to middle-class families, build out childcare supply, raise wages for educators, and expand UPK across the country. Despite a 2020 presidential primary campaign season that highlighted the importance and deep popularity of expanded childcare access as well as growing public demand after the pandemic made visible the need for change, the Biden administration's attempt at expansive care legislation did not make it into the final Inflation Reduction Act package. Various attempts at federal legislation have followed the collapse of Build Back Better (see Table 1) from both sides of the aisle, but none have succeeded. The ECE system still desperately needs expansive and sustainable federal investment.



	Build Back Better (2021)	Child Care for Working Families Act (2023)	Child Care for Every Community Act (2023)	Britt-Kaine Bipartisan Child Care Plan (2025)	Our Proposal
Affordable	 For birth through five: Sliding scale Capped at 7% of wages for most families Free for families making less than 75% of state median income For three- and four-year-olds: Free 	 For birth through five: Sliding scale Capped at 7% of wages for all families Free for families making less than 85% of state median income For three- and four-year-olds: Free 	 Sliding scale Capped at 7% of wages for all families Free for families making less than 75% of state median income or 200% of poverty line 	• Expansion of CDCTC, 45F, and DCAP tax provisions to subsidize childcare	 Free (or a standard, nominal fee) for all families, without means testing
Universal	 Funding for states to increase supply and improve infrastructure For age 0–5, phased in by state median income Guaranteed but voluntary for three- and four-year olds 	 Funding for states to increase supply and improve infrastructure Universal for age 0–5 Voluntary for three- and four-year olds, prioritizing high-need communities 	 Funding to increase supply and improve infrastructure Universal for students under school age 	N/A	 Guaranteed access for 0–5, without work requirements Affirmative obligation to ensure that spots exist for all children who need them Outreach to ensure high-need communities have priority
Coordinated and Streamlined	 Funding administered at the state level 	 Funding administered at the state level (or local level if states opt out) 	 Federally administered, through partnerships with local providers 	 Funding for increased provider pay through federal grants 	 Federally administered Local/regional offices handle implementation Funding moves directly to providers and programs through government grants and contracts
A Thriving, Diverse Workforce	 States receiving funds must pay staff a living wage equivalent to elementary educators, with a wage ladder 		 Living wage, commensurate with local K-12 teachers 	 Competitive grants for states and localities to increase provider pay 	 Thriving wages for all providers, and the right to worker organizing and collective bargaining
Inclusive and Culturally Competent	• States receiving funds must prioritize access for dual-language learners and children with disabilities		 Must prioritize access for dual- language learners and children with disabilities 	N/A	 Cultural and linguistic diversity Early interventions and screenings Integrated, high-quality services for children with disabilities
Safe and High-Quality	 States receiving funds must create tie and devote funding to quality improve 		 Providers would receive quality training Held to the same standards as Head Start and military child care 	 Provider pay grants tied to evaluation of impacts on turnover and quality 	 Reevaluation of traditional quality measurement tools Low staff-child ratios Child-centered quality measurement built with parent, family, and provider input
A "Just Transition"	 Eligible existing providers are exempt requirement Grace period for current providers to o 		 Staff qualification requirements designed with retaining the incumbent workforce as a priority 	N/A	 A plan to transition the current workforce into the universal system fairly and without disruptions

Some of the inspiration for this report started with the failure to win the expansive and ambitious childcare proposal in the Biden administration's Build Back Better Act, which passed the House but was blocked in the Senate. It has been spurred on by what we have seen over the ensuing years: the encroachment of private equity into the sector, growing geographic inequality across states in access to care, and continued struggle of parents and programs to navigate a patchwork funding system. Our conversations with stakeholders took place in the context of these recent developments as well as the decades-long challenges of high costs for families, low wages for workers, and limited supply.

All of those conversations affirmed our position that childcare is a public good that should be funded and implemented accordingly. In order to truly meet the needs of children and families and have a sustainable, universal ECE system, we must go beyond demand-side approaches, patchwork local initiatives, and temporary investments. The US needs significant and durable public investment in ECE at the federal level. While ECE stakeholders grapple with tensions around how to envision a stronger system given the fragmented foundation that emerged from historic underinvestment and piecemeal federal and local programs, we must find a way to come together to offer an alternative vision for a system that truly meets the needs of children, families, workers, and communities.

IV. Stakeholder Values and Principles

In August and September 2024, we interviewed childcare advocates and organizers⁶ from six states: California, Michigan, Minnesota, New Mexico, Ohio, and Oregon.⁷ In September and into October of 2024, we held four virtual community conversations with parents and childcare providers from California, Georgia, New Mexico, New York, Ohio, Oregon, Pennsylvania, Texas, and Utah. A total of 18 people attended these four sessions, split relatively evenly between providers and parents (with some participants identifying as both). We caught up with nine of them again in follow-up sessions in March. At each session we asked questions designed to help us think about what it would take to get these groups representing different points in the childcare system to embrace a public option for childcare.

In our initial conversations with organizers, parents, and providers, we began by defining a public option for childcare. We presented this definition as a baseline to frame the conversations:

A public option in childcare would establish an early care and education system

⁷ These organizers came from Parent Voices Oakland and Parent Voices California, Mothering Justice (Michigan), ISAIAH (Minnesota), Ole (New Mexico), Ohio Organizing Collaborative, and Families Forward Oregon.



⁶ See Appendix for the questions we asked the organizers and parents/providers in fall 2024.

that would offer every child 0–5 a free, age-appropriate placement in a local care facility funded by and operated or substantially overseen by the federal or state government. The public option would set basic requirements about programming, staff compensation, space, health, and safety. The public ECE system would sit alongside private childcare options.

From there, we asked questions about how participants responded to that definition, the values they believed should shape a reformed system, and what they would want to change and keep the same about the system that exists today as they have experienced it. The questions helped us identify commonalities between the different stakeholder groups we engaged and see differences in their primary concerns.

An early obstacle we faced in all of our conversations was the clear lack of trust in the government and disbelief that it could build a better system. Organizers, providers, and parents all struggled to imagine a system like what we described. One organizer said, "No one in this business thinks things are working, but it's hard to zoom out and imagine something different." They continued, "The people providing care are human beings who are incredible and really care about kids. But when we zoom out to the system, it is broken in so many ways: minimum wages, no benefits, families can't afford it, quality varies so much, center regulations are outdated and racist. You cannot build a career and raise a family in this work."

We pushed parents and advocates to stretch their imaginations to a world where a fully public option could uphold their values, and again and again we heard that getting there required a guarantee that the parents, providers, and organizers themselves would, in the words of one advocate, be "there to drive it and develop it." Because stretching the imagination to trust in a public system was such a challenge, the most useful set of questions we asked providers, parents, and organizers was around what they would preserve and what they would change about the current system. These questions helped elicit some of the values that they found most important.

When asked what they liked about the existing system, parents, providers, and organizers all talked about the providers and the importance of the work they did in people's lives. They consistently noted that many providers go above and beyond, offering not only care but also a vast amount of support for families trying to navigate government benefits systems and job searches. Parents, in particular, liked that it felt like their providers were in it for the love of children, not the paycheck. Notably, the respect they have earned from parents gives current providers important leverage in any conversations about system transformation.

Many also held up Head Start as an example of a successful component of the existing childcare offerings. One parent remembered feeling baffled when she got into a Head Start program. "They cut all the costs," she said. "I was like, Why are they not charging *me anymore*? And that was great." Other parents noted that while they trusted and liked



Head Start programs—and found them to be remarkably stable in comparison to their other care options—they did not have access to full-day Head Start programs, which limited their utility, or were concerned about Head Start waitlists.

Organizers we spoke to echoed concerns about the limited availability of existing Head Start offerings but also celebrated that Head Start formalized the important role childcare providers play as connectors to other services and supports for the entire family. Said one, "Head Start does way more than regular childcare with its wraparound services to the families. Let's keep that!" We were surprised by the celebration of Head Start given the initial skepticism of government programs and public options, but we were able to build upon the trust in Head Start to help get participants to engage with what a new comprehensive care system could look like.

As they imagined a future system, parents, providers, and organizers diverged more in their priorities for that system. Parents were notably focused on safety, getting quickly into a very specific desire for cameras that would let them monitor their children and robust, formal background checks. Said one parent, "Everyone wants cameras. It should be number one on the list." Parents' other top priority was getting rid of waitlists so that everyone was truly guaranteed a spot. "I would use a magic wand to stop the waitlist problem," said one. Another shared a story of having a subsidy but being unable to find a provider.

Providers' responses largely prioritized compensation, reduced administrative burden, and preserving some autonomy. They pointed out that increasing compensation was key to attracting high-quality employees who could meet children's individual needs and who would be long-term employees. Thus, they saw stable, quality, and culturally and linguistically competent care as all downstream effects of higher wages that would allow for a thriving workforce. One provider who owned his own center said, "The more you pay, the more you're going to have long-term staff. The childcare sector is riddled with turnover." Another added, "People are leaving their businesses because the pay is not good enough."

Providers were also interested in lessening the administrative burden they themselves face and the administrative burdens faced by the families they serve. Like the parents, they flagged the challenges families have navigating waitlists for both spots in care and subsidies. In addition, they described how complicated it is to navigate both the licensure system and frequently changing regulations. The organizers we spoke to echoed this concern. One said, "Every administration—even in states that aren't moving to build anything close to a universal system—every administration changes the childcare system. It drives the owners crazy."

Based on these conversations, we identified seven defining qualities central to ensuring that any public option meets the needs of the people who keep America's current childcare sector functioning. Such a system would have to be:



- 1) Affordable
- 2) Universal
- 3) Coordinated and streamlined
- 4) Staffed by a well-compensated, diverse workforce
- 5) Culturally competent and inclusive
- 6) Safe and high-quality
- 7) Designed with a just transition for the current workforce

Because these terms can be interpreted in many different ways, we pressed participants in the conversations to define what they meant and found remarkable consensus in many places.

Affordable

Although they had trouble believing it could be a reality, many parents, providers, and organizers were interested in figuring out how to make childcare free or paid for with a universal flat fee, like Canada's \$10/day program. Sliding scale payment structures were met with somewhat more skepticism, largely because of the administrative burden they entail. Additionally, some felt that, as expressed by one provider, "It doesn't matter what the adult's income is—because kids are kids. It's about the kids, not the parents." Some providers did express a belief that it is useful for parents to have "skin in the game" either through payment or other contributions.

Universal

The focus on the problem of waitlists across our conversations helped clarify what "universal" meant to parents, providers, and organizers. One organizer flagged that, too often, "universal doesn't mean accessible." Another said, "In a public option, a parent can just walk in and enroll like they would for elementary school." They wouldn't have to search for a spot or wonder if a spot was available. It would be there as a right. Said another organizer, "Any door you walk through, you should be able to sign up for a public option for childcare."

Coordinated and Streamlined

Parents, providers, and organizers all hoped a public system could be more coordinated and streamlined than the current patchwork, and they naturally identified different parts of the system that needed coordination. As one organizer said, across the board, "There needs to be some stability. That's a word that keeps coming up. People need to be able to look 5 and 10 years down the line." For the parents we talked to, that meant they liked the idea of their early childcare options being connected to pre-K. For providers, it meant having stable sources of funding and stable expectations for



regulations and government oversight. Providers also expressed a desire to have more support in navigating regulations. Organizers supported all of these goals and also hoped to see more consistency of quality standards and pay across types of care and segments of the workforce—for example, pay parity across Head Start, childcare, and kindergarten providers.

A Well-Compensated and Diverse Workforce

Across the sector, there is uniform agreement that childcare workers are underpaid. Everyone we spoke with hoped that a public option would increase pay and, importantly, respect for providers. Providers were also extremely clear that raising pay would allow them to hire a more diverse workforce that could meet demands not just for more credentials but also for more facilities across different languages. Providers also were interested in discussing how they could best increase and/or maintain autonomy and agency on the job. They discussed both labor unions and independent ownership as paths toward this end, but no providers suggested either was a silver bullet.

Safe, High-Quality, Culturally Competent, and Inclusive

As discussed above, providers understood all of these elements of a successful system as downstream of increased pay and respect for workers in the care system. Parents brought a special emphasis on safety and monitoring to their conversations. Organizers were more focused on the ways that "quality is a choice point for bias to come in." They wanted special attention paid to ensuring that quality standards were set in ways that did not allow racist and culturally insensitive definitions of quality to become the norm against which providers were measured. Both organizers and providers were attuned to how to support children with special needs within the system. They were interested in more support for early intervention and assessment.

The parents we spoke with did not suggest that they thought one form or setting of care (home, Head Start, or center) was more likely to be more safe, high-quality, culturally competent, or inclusive than any other. They did, however, express a desire for some level of choice within the system, even if they didn't have strong or aligned views on what those choices should be.

The organizers we spoke with were extremely clear that they viewed private equity's increasing involvement in the childcare system—that is, the provision of childcare as a profit-making endeavor—as the biggest threat to maintaining quality, stable, culturally competent, and inclusive options. Said one, "Private equity's goals are not matched with culturally and linguistically responsive care."



A Just Transition

The brightest line that provider and organizer stakeholders drew for what it would take to get them to support a public option was trusting in a just transition for the current workforce.⁸ Said one organizer: "I want the workforce transitioned and transitioned well.... I want people made whole during the transition." Everyone we spoke to insisted that there could be no just transition to a better system without a plan to involve the current stakeholders in its development. They were equally clear that a seat at the development table was just a starting point for ensuring a just transition. Providers and organizers wanted to see concrete plans for a licensing process that was easy to navigate and would allow current providers to participate in a new public system. One current FFN provider said, "I would like to have a license, but with two jobs there's no time for the college classes they told me it would take. With a magic wand, I would say, the work experience you already have counts. I would make an easier pathway to a license. I've been in this field a long time." Parents shared the same perspective on a just transition from a different angle: Many of them spoke about how happy they are with their current providers and about their desire for continuity of these care arrangements.

The following section sets forth policy proposals and choices that would meet these community-led goals. Importantly, while we focus on these seven essential qualities of a good system, providers and parents did not see these qualities as seven independent variables but as qualities that together would build a superior system.

⁸ The ECE industry is not the first industry to have grappled with questions of how to bring along an existing workforce in a major sectoral transition. We can learn from and utilize the climate movement's "just transition" framework here. The concept of a just transition is a strategy to ensure that no one is left behind or pushed behind in the transition to lower carbon and environmentally sustainable economies (<u>United Nations 2023</u>). It came out of a movement to protect the interests of workers vulnerable to possible job loss from environmental regulations and now has been expanded to include whole communities, aiming to implement compensatory policies, equity, inclusiveness, and respect for human rights in a transition to a green economy. A just transition framework also acknowledges the likelihood of trade-offs.



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V. A Vision for a Principled, Public ECE System

"Our system was built under white supremacy and dominant culture values. It was designed to do what it is doing: pay caregivers the least amount of money, serve the least amount of people, and build in fraud, waste, and abuse policies to kick them off as quickly as they come on. We are committed to a reimagining."

– ECE Organizer

Affordable, accessible, quality ECE is essential for early childhood development, a functioning economy, the stability of working families, and gender equity in the workforce. But we will not be able to sustainably ensure universal access to quality ECE by tinkering around the edges of a broken system or creating an even more fragmented and inequitable patchwork of unsustainable local initiatives. We need historic federal investment in a public, comprehensive birth-to-five continuum of care accessible to all, no matter their income, working status, or zip code, while prioritizing a just transition for the current workforce.

This section develops a proposal for how to shape that investment based on the conversations discussed in the previous section. The system we propose in some ways functions similarly to Early Head Start—though with critical improvements and expansions driven by our guiding principles. We propose consistent high-quality standards, supply-side investments, and the ability for care to be provided both directly by public providers as well as small homes and centers that contract with the state and operate as nonprofits or within nonprofit networks. This decision—to only allow public and nonprofit programs to receive public funding—is related to the guardrails around profit-seeking that are needed to combat the trend of privatization and corporate capture. Requiring a nonprofit structure alone does not necessarily curb all challenges of self-dealing, extraction, or harmful employment practices, so we also recommend guardrails to ensure that programs are run efficiently and have accountability. We hope this proposal can be one jumping-off point for an ongoing conversation among stakeholders in envisioning a universal, public ECE system.

Our Proposal in Its Broader Policy Context

Our proposal sits in the context of not only our existing fragmented childcare infrastructure but also the lack of a significant public safety net in the US. We must learn from the international examples explored later in this paper and elsewhere and acknowledge that a universal early childhood system would best function alongside basic family-supporting social safety net policies that federal policy ignores. This



includes, but is not limited to: care support for families and children through K-12, paid family and parental leave, paid sick days, maternity benefits, and cash assistance programs.

When we discuss a universal ECE system, we mean a continuum of care for children birth to age five. Other countries show us that it is popular and more cost effective to institute care on this continuum if it includes paid leave. **Therefore, our vision for a universal public ECE system includes a national program for one year of paid parental leave, universal ECE for children from birth to pre-K, and universal pre-K.** If funding for all age groups is based on the true cost of care commensurate with adequate child-caregiver ratios, wages, and age-related funding needs, we hope to eliminate the ways in which *only* increasing pre-K funding in a patchwork of local initiatives can sometimes disincentivize slots for younger children and create unnecessary competition among the workforce.

A Proposal for Universal, Public ECE

1. Affordable

"People tell us a lack of childcare is why they aren't working. And it isn't just about low-income folks. It is two-income households that can't afford childcare either. Paying more for childcare than for rent. They can't even think about buying a house because they pay for childcare, and it isn't the childcare they want, but the childcare they can afford. And they don't qualify for subsidies."

- ECE community organizer

As explored in this paper and elsewhere, ECE is financially out of reach for too many families, which can create real economic hardship and force families to forgo income because they cannot afford the childcare they need to go to work. A universal, public ECE system should be accessible to all. Ideally, it should be a free public service for all families.⁹ ECE has long operated as either a private good or a limited welfare assistance program in the US; it is critical that we shift to seeing it as a public good, the way we see K-12 education. To make it a public good and make it truly affordable, the system

⁹ Free childcare for all is the ideal, but we could also imagine a payment structure similar to most other countries with universal ECE, which typically involves a nominal parent co-pay that is a set, universal rate with caps to keep it highly affordable. See, for example, Canada's \$10/day structure in the first subsection of Section VI. Given that the US has more income inequality than many of its peer nations with universal ECE, the US should also have a mechanism to ensure that families that receive free ECE now continue to do so.



should be resourced by entitlement funding, to protect it from annual budget fights and shifting political winds.¹⁰

Providers, organizers, and parents we spoke to also rightly flagged that moving away from means testing frees families, providers, and government from the red tape, applications, and other bureaucratic and administrative bloat that comes from determining eligibility for subsidies, wasting resources and dissuading participation. As one organizer put it, we need a system that includes you "if you have a child' instead of 'if you're income-eligible."

2. Universal

"Stop figuring out who to deny, and start figuring out ways to get children and families on the program."

– Parent

"We can have a better childcare universal system for everyone. We still need to push."

- Family childcare provider

When we say universal, we mean that all parents have access to a sufficient supply of high-quality ECE programs in their communities. In order to achieve this, we recommend taking the suggestion of our parent, provider, and organizer stakeholders that a new system must guarantee access to all families, without work requirements, so that lack of childcare does not prevent families from finding work.

We will never be able to truly reach universal access without building upon and supporting capacity that already exists through Head Start, centers, home-based care, and public schools. But we will also need supply beyond those existing sites to meet families' needs. Therefore, a new ECE system must include and adequately fund an affirmative obligation to expand the number of slots and increase supply to serve all the families that need care.

Given the practicalities of a shift to public and nonprofit sites receiving public funding, the federal government should offer immediate stabilization grants to reduce costs and raise wages for existing providers as well as a five-year phase-in period for the just

¹⁰ This paper does not address mechanisms for raising the revenue necessary to fund a universal childcare system, nor do we go into the politics (external to the ECE field politics) of such a policy shift. Funding mechanisms and political framings of this topic have been comprehensively addressed elsewhere.



transition and expansion of slots to meet the needed supply, in accordance with our recommended parameters of public and nonprofit programs. This phase-in period will offer families and providers notice and time to plan for thoughtful transitions and an opportunity to build the supports needed to facilitate the transition, in an attempt to avoid abrupt changes or breaks in care for children and families.

Regional entities overseeing the program in their area must be funded and obligated to conduct a comprehensive needs assessment to identify needs and gaps in care, build out capacity in existing sites, create new public sites and programs if needed, or commission new nonprofit programs. They should also have a mandate to conduct these assessments every few years. Dedicated agency staff should manage the build-out of new capacity or renovate existing capacity—Head Start regional employees who already do this work could be trained and staffed up to expand their purview.

Increasing supply does not just mean building or expanding physical sites, but ensuring that ECE jobs are good, unionized jobs, in order to have enough workers to resource the system—which we address in more detail in subsection 4.

Another challenge common to expanded public services is a lack of awareness of those services among the public. In order to be truly universal, a new system must include dedicated resources for significant public outreach and advertisements in multiple languages to make sure that families know about the new program. This should include a deliberate strategy (partnering with ECE stakeholders) to ensure outreach to low-income, underserved, and high-need communities, as well as current childcare deserts, which many of our stakeholders flagged.

Given that the US has more income inequality than many of its peer nations with universal ECE, it is especially important in the US to have a mechanism to ensure that the lowest-income and highest-need families are prioritized in the onramp of the new program.¹¹ We need an ECE system for all, yes—but we also must ensure that families with the most need are prioritized at the beginning of expansion.

¹¹ The vulnerable populations that should be prioritized for access to the program in its beginning stages include but are not limited to: low-income families, single-headed households, families in rural or remote communities, immigrant families, children with disabilities, parents with disabilities, and families who live in communities without public transit.



3. Coordinated and Streamlined

"The administration, the financing, the regulatory issues . . . [We need] a stable bureaucracy. All of that has to be considered as we're building governance."

– ECE organizer

Along with robust federal investments, coordinated **governance**¹² structures that address regulatory barriers to supply building will be necessary to implement a sustainable, high quality, universal ECE system, both to reduce efficiency roadblocks to program operation and expansion and to reduce operational costs. Building up the capacity to serve all families will take high levels of coordination and governing capacity. This is an opportunity to address a common issue raised by current providers: a fragmented regulatory landscape across multiple agencies and levels of governance that increases administrative burden significantly.

We propose a streamlined system federally administered by the Administration for Children and Families with state and/or regional offices (similar to the Head Start model). These local offices should handle implementation, including, most importantly, tracking need and supply and developing expansion plans to create sufficient slots. These local offices should also be a locus of stakeholder engagement and regulatory coordination. Future work will build out the exact nature of the governance mechanisms at different points within the system, with ongoing, deeper engagement of state-focused organizers, providers, and parents around the role that regulatory agencies should play in expanding childcare supply and the challenges and barriers created by current systems. Regardless of the exact form of governance that is developed, the governance structure must include robust mechanisms to regularly engage stakeholders—parents, providers, and caregivers—in the oversight and governance of the system. The governance system might, for example, include wage boards with designated seats for providers and parents.

¹² Governance often "refers to how (often multiple) programs and entities are managed to promote efficiency, excellence, and equity. It comprises the traditions, institutions and processes that determine how power is exercised, how constituents are given voice, and how decisions are made on issues of mutual concern" (Kagan and Kauerz 2009).


4. A Thriving, Diverse Workforce

"We are the workforce behind the workforce."

– ECE Provider

A universal ECE system must acknowledge the importance of this work to children, families, and the economy by lifting ECE salaries to a family-sustaining, thriving (not just "living") wage. It also must be inclusive of the diverse existing workforce. These two stipulations are critical not only for reasons of equity and worker justice but to have a sufficient workforce to support universal access to ECE. Supporting the workforce was a consistent priority across all of our conversations with providers, parents, and organizers. As one provider we spoke to said, "We need to be able to provide thriving wages and benefit packages. I would like to have government or state benefits packages." Said another, "We can't take good care of kids if we aren't taking good care of providers."

A direct payment model should allow different providers and care settings (currently a mix of homes, schools, and centers) to be integrated into the new system, as long as they are organized as nonprofit ventures and meet the standards for quality and safety (see subsections 6 and 7 below for more on creating equitable quality and safety guidelines and transitioning providers into the system). Funding should go directly to ECE programs, and all costs of care should be covered. We recommend that the regional offices in charge of administering these funds be required to model out a true cost of care, differentiated by geographic region, care setting, and age of children served. As noted in Section VI, there are many examples of state-level cost modeling to draw from.

The pervasive low wages in the ECE sector must be addressed for both moral and practical reasons. We propose the creation of wage schedules and career ladders both informed by worker boards, similar to and expanding upon what some unions have already been organizing, to improve wages in this sector. Worker boards should influence the provision of a thriving wage and reflect requirements for workforce development, training, continuing education, certification, and more. A universal system must target wages to be at least commensurate with local K-12 teachers and include protections and language to ensure that this workforce has the right and is empowered to collectively bargain and unionize. To this end, we also recommend guardrails to ensure that all employers and grantees are held accountable to good-faith collective bargaining. Accountability measures are necessary so that all labor laws and union neutrality requirements for federal funds are adhered to, and employers who are found to engage in anti-union activity should be barred from receiving public funding for this program.



Promoting and allowing for collective bargaining and unionization will give workers a standing voice in the ongoing implementation and governance of the ECE system and ensure that their wages and benefits keep pace with inflation and costs of living over time. See more on unionization and the ECE workforce in subsection 7 below.

Given the severity of the threat of private equity and corporate capture in ECE not only to children and families but to existing and future workers, we propose a universal ECE system that builds on protective legislation that already exists (e.g., in Massachusetts) banning investor-owned companies from accessing these public funds for ECE and childcare. Making the funding only available to public and nonprofit entities will protect the system from the potential of corporate extraction of public dollars as well as protect children and families from the volatility, profit motives, and low quality of private equity-owned childcare chains and franchises.¹³

5. Inclusive and Culturally Competent

"Kids with disabilities, they put them on the side. They should not be put to the side. . . . The kids belong where they are, and need to get the service where they are."

- Parent

That a high-quality ECE program must meet the diverse needs of children came up as a topic of conversation with a few providers and organizers. As one organizer we spoke to said, "A one-size-fits-all curriculum gives me concern." Families need and desire different types of care based on their work schedules, geography, language needs, cultural preferences, and more. Meeting those needs will require a coordinated and comprehensive effort to build upon what already exists, including by helping existing homes and centers become part of the new system and building out new infrastructure with the express intent that the system offers sufficient culturally and linguistically competent care. "Culturally and linguistically competent" here refers to programs that work effectively in cross-cultural situations, as well as effectively communicate with people with limited English proficiency (Hepburn 2004).

Many existing providers already offer culturally and linguistically competent programs, especially in immigrant communities. In this context, one community organizer we spoke to said he hopes that a public universal system "preserves the best parts of the

¹³To avoid impacts on continuity of care for children and their families, we could build in a wind-down or transition period, with strict guardrails, for large childcare chains. In order to receive funding after this period, for-profit companies would have to present detailed plans for how they would transition to entirely new ownership structures and employment practices if they wish to be eligible for public funding.



existing system."

Inclusivity for children with disabilities and other special needs¹⁴ is paramount, and many of our parent stakeholders emphasized that it should be a priority, not an afterthought, of a universal public ECE system. During the 2022-23 school year, fewer than half of US preschoolers with disabilities protected under the Individuals with Disabilities Education Act (IDEA) received the special education supports and services they needed (OSEP 2022–23). Families with children with special needs often have limited options for childcare (Henly and Adams 2018). The range of needs encompassed by such terms as "disabilities" and "special needs" is wide and thus requires diverse services. Children with disabilities may need specialized services such as administration of medication, special equipment and structural accommodation, and personal caregiver attention (National Academies 2018). Head Start currently provides comprehensive services for children with disabilities and for families with low incomes. Head Start programs are required to ensure that at least 10 percent of enrollment slots are filled by children with disabilities, and in 2016 the program added guidance around children with disabilities by requiring that every effort be made to include and provide services to children with developmental delays or suspected delays, even if they are not eligible for services under IDEA. Head Start also has screening and ongoing assessment to identify disabilities. These inclusive policies should be expanded so that all young children in childcare programs can have access to such programs and support (ACF <u>2020</u>).

In our conversations, some providers reported a lack of confidence in their capacity to care for children with disabilities and saw more support for this work as a potential benefit of a universal system. This lack of confidence is seen in larger samples of qualitative research as well (<u>Henly and Adams 2018</u>). Our conversations with providers confirmed that in order for an ECE system to be truly inclusive and accessible to all, it must fund grants and contracts to programs and providers for professional development and training as well as specialized equipment and facility infrastructure. Said one provider, "[We need] better resources for us so we can better help our families. We get a lot of kids with special needs, and sometimes we don't know how to handle them." Said another, "Special needs children are not included when thinking about childcare. These kids are getting kicked out of the centers. It's not the workers or the center or the child—it's a broken system. [We need] training for the staff."

Sufficiently funded early intervention for all children in need of those services, regardless of income, should be baked into the design of any universal birth-to-five ECE system. We also recommend expanding holistic wraparound services that currently serve children with high needs eligible through Head Start to everyone else

¹⁴States currently define "special needs" themselves in their CCDF plans, so definitions vary across the country. Some examples include: "families with very low incomes," "children experiencing homelessness," and "families in areas that have significant concentrations of poverty and unemployment and lack high-quality programs."



who needs these services. This should be done through additional federal grants to regional offices for providers to improve access to care and services, alongside fully funded IDEA services. We also need to encourage more adherence to children's rights under IDEA by educating parents, systems, administrators, programs, providers, and early intervention and early childhood special educators on the requirements of the law (<u>ACF 2023</u>). An expansion of early intervention services and developmental screenings must be accompanied by robust public education for families and communities about the availability of these services. We should also ensure that families face no barriers to entry into the system by addressing language barriers and making applications to care programs streamlined and easy to fill out.

6. Safe and High-Quality

"We don't have the childcare workforce. They're disappearing because of the wages. We don't want to sacrifice quality."

- ECE community organizer

Most parents we spoke to named quality and safety as some of the most important qualities of their ideal universal ECE system. We propose that a consistent set of quality and safety standards be part of a reimagined federal ECE system, with the definition of "quality" shaped by an inclusive, collaborative process involving a variety of ECE stakeholders.

Currently, all states have licensing and operational standards, including health and safety regulations that providers must meet to legally operate ECE programs, unless the state designates a type of program exempt from such regulations. Typically, quality standards include features such as: provider and staff education and training, curriculum and learning activities, health and safety, guidelines on number of staff and children present, and programs' business practices (<u>ACF n.d.</u>). Quality standards vary widely by state.

We recommend standards to promote high-quality care, safety, and accountability without being overly prescriptive or assuming that all children thrive under a single ECE approach. Any quality guidance should of course be developmentally, culturally, linguistically responsive for children, and we recommend it be built with parent and provider input.¹⁵

¹⁵ See the subsection on Norway's childcare system in Section IV for a promising model on parent engagement in program development that could be inspiration for a new public system.



Quality Rating and Improvement Systems

Quality rating and improvement systems (QRIS)¹⁶ for early childhood education have been implemented in at least 45 states and, despite some having demonstrated potential in raising quality, have elicited mixed approval among providers and communities (<u>Swartz 2022</u>). Some research finds that under-resourced communities with majority low-income families and families of color are less likely to participate in QRIS (<u>Connors 2021</u>). Some advocates, organizers, and providers, perhaps most publicly in California, have pointed to the various ways that QRIS can perpetuate racist systems of inequity, surveillance, and punishment, contributing to the pervasive lack of respect for a workforce mainly made up of women of color (<u>Nzewi, Ignatius, and Kruckle 2020</u>). ECE scholars have made similar arguments that quality ratings are racially biased evaluation tools at their core (<u>Hollett and Frankenberg 2022</u>). Indeed, some data show racial bias in QRIS: For example, childcare programs serving larger numbers of Black and brown children are less likely to receive higher-quality ratings (<u>Bassok, Dee, and Latham</u> <u>2019</u>).

Community organizer and provider stakeholders raised questions about how to equitably define "quality" in this sector; how that may vary between cultures, communities, and settings; and who gets to decide. For example, many family providers have reported that quality measurement systems often seem primarily designed for centers, not for home-based care (<u>National Center on Early Childhood Quality</u> <u>Assurance 2019</u>).

Our parent, provider, and organizer stakeholders agreed that stringent quality measures are necessary. Providers emphasized ways to ensure that quality standards, monitoring, and evaluation empower ECE programs to improve rather than operate from a racially biased or punitive approach. We recommend building quality measurements based on desired outcomes and working backward from that vision. For example, stakeholders identified the goals of ensuring that children are able to meet age-appropriate learning and developmental milestones, ensuring children feel secure and safe, and keeping staff turnover low. In identifying these outcomes, system builders

¹⁶ QRIS are ratings systems, usually at the state level, that help parents understand the level of quality in childcare, preschool, and school-age care programs. Ratings are determined differently depending on the state, with some requiring programs to submit paperwork that gets reviewed by quality consultants and others sending trained observers into the classroom or program to provide a rating based on a set of quality standards.



should use a research-backed, child-centered approach¹⁷ to quality measurement that includes meaningfully listening to the lived experience of communities. Some providers we spoke to surfaced fears that a universal, public ECE system would become too education-focused, starting K-12 preparation before it is developmentally appropriate (a phenomenon one provider referred to as "schoolification"), and thought that a child-centered framing could help guard against that possibility. Provider stakeholders also said that strong unions, worker cooperatives, and other forms of worker organization can be extremely helpful for ensuring quality, by providing a mechanism for supporting each other with challenges, sharing best practices, and improving job quality in ways that reduce turnover.

Our provider and organizer stakeholders also suggested that, instead of sending out quality "enforcers" who can sometimes have punitive, policing-like relationships with educators, we implement a supportive partnership approach like the one in Washington, DC. We recommend a less punitive approach that would cast "investigators" as partners tasked to empower the program to reach a higher level of quality as it is defined by stakeholders, rather than coming into programs to give out citations or to shut programs down (with exceptions for truly necessary health and safety reasons). One provider (not from DC) said, "Those who are in a role to audit our centers go through checklists . . . without conversations around learning about the community that we're serving." And another put it succinctly: "The rules don't reflect the people that we're serving." A universal public ECE system should balance the need for accountability with flexibility and autonomy for programs to be responsive to the needs of their communities.

A universal ECE system should also build off aspects of Head Start's quality standards as a starting point, given its popularity with families, providers, and communities—including those we spoke with. Differentiated standards for age of children and type of care setting, created with extensive provider and parent input, are also necessary. To ensure a high-quality universal ECE system, system builders should universalize the successful ways Head Start holistically supports parents, families, and communities by meeting a wide range of families' educational, health, housing, nutrition, meals, and professional needs through direct provision of services as well as linkages to community resources. Another Head Start quality-raising element that should be universalized is the ways it encourages family involvement: through regular visits to the child's home and opportunities for families to volunteer in the programs. As one organizer put it, "Parent engagement is important for the success of the child."

¹⁷ "Child-centered" refers to a body of literature that views quality ECE from a holistic context of child-focused pedagogy, sometimes referred to as "whole-child" learning. This framing prioritizes responsiveness to children's developmental needs, interests, and capabilities and sees the child with agency over their experience, taking into account diverse cultural and linguistic needs, physical and cognitive needs, and age-appropriate activities (<u>Cade, Wardle, and Otter 2022</u>).



Finally, as important as developing shared quality and safety standards is, research shows that making provider compensation and benefits more comparable to kindergarten teachers is also essential to creating a stable and healthy learning environment for young children (<u>Whitebrook, Phillips, and Howes 2014</u>). As previously stated, low staff-child ratios are incredibly important for high quality early childhood education and must be a quality requirement in a successful universal system. An underfunded system can also lead to higher ratios than are recommended because of lack of resources. Said one provider, "We need to ensure children have the support they need, because currently we are left to just meet needs as best we can, at maximum ratios typically." Fully funding the ECE system to pay providers enough to sufficiently staff programs will help ensure the ratios required for high-quality care are met.

In light of the current ECE access crisis, there is an alarming trend of states loosening regulations, increasing staff-to-child ratios, or decreasing training requirements in an attempt to address low supply (<u>Mader 2024a</u>). These moves directly contravene what parents and providers want. Increasing ratios is particularly worrisome, as it contradicts or ignores empirical evidence about how to provide safe and high-quality care and education to young children (<u>Center for Law and Social Policy n.d.</u>). Low turnover and low ratios lead to more consistent, attentive care and relationships between adults and children. To provide safe and high-quality care and expand the availability of that care to families, the ECE sector needs more funding, higher wages, and safe and plentiful infrastructure.

7. A "Just Transition"

"We see time and again how improvements are in some ways supporting and in some ways hurting the current providers. I do think it's a huge injustice to the women who have built this system and kept it going not to be mindful of how we don't screw them over with a new system."

– ECE Organizer

"They need us, they need family childcare, they need Head Start, they need all of us together."

– ECE Provider



"In a short-term mindset standpoint, people will ask: 'What is going to happen to my center? Is the thing I love doing, that I have put my heart, soul, and life savings into, going to change?' Meanwhile what we have is completely unsustainable. We just heard about three centers closing all at once. No one in this business thinks things are working, but it's hard to zoom out and imagine something different."

– ECE Organizer

Family, Friend, and Neighbor Care

Given the challenges that families face in securing accessible and affordable care, this proposal focuses on building out a durable infrastructure for public ECE to provide ready options for all parents of young children; therefore, it does not comprehensively address how to systematically fund or scale up families' reliance on family, friend, and neighbor (FFN) care. Though the expansion of the public ECE workforce would support FFN providers who opt into the proposed system by joining a nonprofit network and receiving well-funded support to meet licensing or other requirements, it does not include FFN care as a singular setting to be scaled as part of the framework. First, because of its small scale, FFN care is expensive to operate at a level that provides thriving wages to caregivers and to administer the quality goals that stakeholders have identified as crucial to the system. Importantly, investing public funds in FFN caregivers typically does not translate into building a sustainable, scalable future supply of universal ECE available to other families that need it. We chose to create a supply-side system and not a voucher (i.e., individually focused) system specifically in order to build a long-term care infrastructure and to avoid the pitfalls of vouchers that undermine the sustainability of public education in our K-12 system.

FFN care will always take place for those families who have reliable, trustworthy FFN caregivers available, and it is also possible for FFN providers to benefit from various parts of the major investment in a comprehensive care infrastructure that we propose, even if they don't become part of the publicly subsidized supply. This could include participating in robust educational programs to help them build a career pathway, applying for support grants, joining support networks for FFN, accessing a potential substitute pool, and more. It is critical for the US to fully invest in the entire infrastructure of care, and that includes ways to support FFN caregiving across the age spectrum. This could not all be addressed in one proposal, but others in the field have been addressing and should continue to address these topics elsewhere.



The system we are proposing will necessarily have major implications for the current system. As previously mentioned, small independent and home-based private providers, like FCC and FFN providers, have long operated as small businesses that offered opportunities for many women of color and immigrant women to build a career in an often inhospitable economy. The ecosystem of home-based and small, independently owned programs exists in part because of the lack of public investment in the ECE sector; in a patchwork of childcare deserts and low wages, home-based programs often fill in gaps for both families and caregivers and create opportunities for people who love to do this work. We can acknowledge the dignity and importance of these providers *and* build a system designed to serve all families that will treat all childcare providers in all settings with the respect they deserve.

Crucially, an expansion of the childcare system of the magnitude needed to achieve universal access will require every single worker it can recruit. Improving upon our current system also means creating a system with far less turnover and with a dramatically increased ability to recruit workers. This means that we need a way to transition experienced providers into a fully funded universal public system and in doing so ensure that the result is higher wages, more job security, better benefits, the right to collectively bargain, and other such incentives—to attract both current and future workers. The trepidation in parts of the field around such a transition can be addressed by offering a much more stable and well-paid career path than is currently available to ECE providers. The system must also provide resources and technical assistance for existing small independent and home-based private providers who are interested in transitioning to a nonprofit structure or with other necessary changes they need to make in order to receive public funding.

As addressed in subsection 2, a shift to public and nonprofit sites receiving public funding will require a transition period for current providers to ensure continuity of care and of work. This will necessitate immediate stabilization grants to reduce costs and raise wages for existing providers and a five-year phase-in period for the just transition of current providers into the new system, giving them time to utilize the resources recommended in this proposal to meet the requirements to receive expanded public funding. This phase-in period will also ensure that families do not lose their childcare in a transition to a public system.

Overnight and Alternative Work Schedules

Because we are building a framework for a universal public system to reach far more families than currently can access any childcare at all, our proposal may not address *every* schedule need for all families. The system we envision has more flexibility for extended hours than currently exists in Head Start and Early Head



Start, and would allow home-based and other community providers who opt in to the system to offer extended or alternative hours. Of course, we know that that likely will not cover *every* family's childcare needs at scale. Therefore, we also support the exploration of other complementary mechanisms, such as expansion of the Child and Dependent Care Tax Credit, to serve those needs. Another possibility is that a functioning, high-quality, universal system will pressure employers who hire workers for overnight and alternative-hour work to implement employer-supported childcare arrangements.

There will always be trade-offs in sectoral transitions. But we can ensure that existing providers who want to be in the public system can do so by supporting them far more than they are presently supported in accessing public funding and subsidies. One organizer said that when speaking to family childcare providers about a public system, they find the providers can be supportive, as long as they propose a system where

you're subsidized and seen as a subcontractor or subsidiary of the state. It needs to be a stable situation for them. Systematically there's a way for that care to be included, subsidized, and a part of the public system. We ask: Would you be willing to give up your identity as an independent business owner for the same kind of benefits, working conditions, rights under unionization as public workers, pensions, health care? And you'd be part of something larger—you'd have legal support and you'd be treated like a human being? And the FCCs want it.

A just transition necessarily will be aided by high union density. That means preserving and protecting current worker organizing wins and successes, including hard-fought rights to collective bargaining. A just transition means that a new public system should not replace current unionization efforts but expand upon them. Collective bargaining has been a successful tool in gaining wages, benefits, and more for this workforce—building out a public system is an opportunity to expand on that important work (see subsection C below).

To build a truly just transition for the existing workforce when implementing public universal ECE, we recommend the following priorities:

A. Preserve existing care capacity and incorporate it into the new system

A single federal administrator should streamline licensure, regulations, and enforcement guidelines that currently vary state to state. Helping current providers meet any new requirements will be essential for a just transition. The challenges that small, independently owned, and home-based programs currently face can inform what this could look like. For example, the current subsidy system often requires burdensome paperwork for licensure, which can make it challenging for a small



provider to accept subsidies. Language barriers are also common for FCC providers; only three states have policies to make their childcare licensing regulations more accessible to providers from language minority or immigrant communities (<u>Ho 2022</u>). FCC providers also face barriers accessing advancement opportunities, state quality improvement initiatives, and relevant and affordable professional development (<u>National Center on Early Childhood Quality Assurance 2019</u>). Unlisted, paid childcare providers tend to be younger, are more likely to identify as Black or Hispanic/Latina, have lower household income and lower homeownership rates, and less access to health care compared to other providers. They are also more likely to have other paid employment (<u>Schochet et al. 2022</u>).

Reducing barriers to participation in a new expanded public system should look a lot like what advocates currently recommend to help providers access our subsidy system—including ensuring that any paperwork needed is easy to complete, available online, and in languages spoken by parents and providers as well as promoting clear and consistent communication between providers, families, and the regional offices that are bringing providers into the public system (<u>Vieira and Hill 2019</u>). The true cost of operations should be fully covered by the public funding available to providers, and robust professional development and continuing education must be made accessible. We should also learn from the UPK programs that included support for the current workforce to become qualified—for example, Seattle's UPK initiative provided financial support for participating FCC providers to get a bachelor's degree with an ECE specialization (<u>Weisenfeld and Frede 2021</u>).

A well-functioning ECE system must include subsidized educator pipelines, higher education programs, and other supportive components for workforce development. Unions historically and presently also play a vital role in developing a career workforce. Employers who need well-trained talent often look to unions to provide professional development training. The Service Employees International Union (SEIU) has started the National Early Educator Training Center as a vehicle for training and growing a workforce in the states where it has members. State-union partnerships should ensure that workers can access a professional development ladder and help a public system recruit a sufficient supply of ECE workers.

States also currently have a structure for training and professional development for childcare providers who participate in the subsidy system, through CCDBG. This structure should be expanded upon to help small (and new) ECE providers go through the processes necessary to receive public funding. On top of that, a just transition requires all new accreditation and licensure, continuing education, and other onramp activities to be fully subsidized and available in multiple languages at locations and times that are convenient to this workforce. This accessibility is also logistically necessary to ensure uptake in supply-building *and* quality-raising activities. We recommend that qualifications requirements are designed to include the existing workforce—for example, years of experience, even in unlicensed programs, should be



taken into account.

We recommend federal-to-local grants to help create **nonprofit networks** as a more efficient way of bringing multiple small independently owned childcare programs into the public system. Success with this structure has been demonstrated, for example, in New Jersey. New Jersey's Shared Services Initiative is a statewide effort to support early care and education providers through collaborative alliances of membership-based organizations that offer services to licensed childcare centers and registered family childcare providers like support with business operations, financial sustainability, professional development, job quality, and access to various other resources. The 16 Shared Services Alliances in New Jersey also assist with county-based shared services coordination, development of statewide shared tools and resources, training and guidance to improve programs, and opportunities for collaboration and alignment across the state. Centralizing things in this way in New Jersey allows directors to focus more on delivering high-quality care and education and less on administrative burden (New Jersey Department of Human Services n.d.). Such a model could help not only with the transition to nonprofit operations but with building up capacity for the long-term sustainability of these providers.

Bringing existing providers into the universal ECE system will also require sufficient funding for regional offices to support existing home-based and small independent providers in securing 501(c)(3) status, joining nonprofit networks, and achieving any other licensing or credentials deemed necessary to become part of a public system. As many of our organizer stakeholders rightfully pointed out, providers will only take up an offer of such support if it is accompanied by higher wages, better benefits, subsidized professional development, funding for infrastructure needs, and a less precarious career ladder. Additionally, including debt forgiveness for the small, community, and in-home providers that have had to take on debt to cover student loans or facility improvements will help providers shift from a profit structure to a public or nonprofit one. One current challenge for providers is the volatility of funding levels, which penalize providers for temporary shifts in attendance. Ensuring funding is predictable, consistent, and not variable-more like Head Start/Early Head Start-could also incentivize small independent providers to join the public system (Home Grown 2020). Supporting providers to accept the modification necessary to become eligible for public funds should be framed and treated as an opportunity to create a more stable support system for existing home-based providers-not as something that would "replace" them.

B. Build infrastructure for and commit to stakeholder engagement

Some of our provider and organizer stakeholders who expressed initial skepticism felt that they could imagine a public system that fit their values as long as ECE stakeholders were at the table and had significant input in the design and rollout. As a childcare provider in the Bronx explained: "We need a seat at whatever table. [Childcare] isn't



taken seriously because it's women-led." Said another provider, "If a public option becomes truly available, providers and parents must be at the decision-making table, and actually heard." An organizer said that the concept of a public system "makes me think it will listen to the people when they're creating the guidelines and structured around what is most helpful to a childcare worker. It should be created in a way that speaks to [those] concerns."

There should be a robust process of including ECE stakeholders in decision-making and policymaking that impact them, using such techniques as: offering regional and remote participation opportunities, having surveys conducted by entities that already have trusted relationships with communities, requiring the inclusion of current providers and parents in planning and advisory bodies, holding feedback sessions at times and places when communities can actually attend, and providing stipends and/or transportation support for listening sessions and meetings. States and localities that have not adequately engaged ECE community stakeholders in the policymaking process can end up implementing inequitable policies (Adams and Pratt 2021). Effectively engaging these stakeholders can also build relationships and community between and among the stakeholders themselves, which can be a foundation for further collective action and organizing.

We can also learn from previous attempts at engaging the ECE community. For example, the Center for the Study of Social Policy and the Century Foundation conducted interviews in three states (Michigan, Mississippi, and North Carolina) in 2020–21 about distributing COVID-era relief funding that offered some lessons for engaging stakeholders around childcare policy (<u>Kashen, Minoff, and Coccia 2023</u>). This qualitative research revealed that in Michigan and North Carolina, state policymakers and administrators took targeted steps to engage stakeholders in decision-making around allocating and distributing ECE relief funding, while in Mississippi stakeholder engagement was less robust. These interviews led to some interesting takeaways:

- 1. States that took the time and commitment to engage and create true relationships and trust with stakeholders saw more successful implementation of policies and were more likely to design plans that targeted resources to Black, Latino, and other communities that have been historically excluded or discriminated against.
- 2. Support from the federal government can help develop state stakeholder engagement infrastructures.
- 3. Stakeholder engagement can advance equity by bringing historically marginalized communities (often the most directly impacted) into the decision-making process.

Likewise, in relation to the rollout of local UPK programs, FCC advocates and experts recommend that state and local leaders bring together an advisory board of providers and provider networks, community groups, parents, unions, and relevant government



agencies to sufficiently transition existing providers to UPK systems (<u>Weisenfeld and Frede 2021</u>), an idea that should be considered for a comprehensive public ECE system as well.

Given these experiences, a universal public ECE system should include dedicated federal funding for stakeholder engagement infrastructure at the state and local levels. A critical asset in Michigan and North Carolina was the way that ECE stakeholders helped with outreach, to ensure that providers knew to apply for grants and families knew about the programs in their communities. They also helped set up local coalitions to provide implementation feedback, helped with technical assistance to providers applying to grants, and provided feedback on application processes to ensure they were not a barrier for providers. It is not enough to nod toward stakeholder engagement. There must be funding and directive for states and localities to build regular communications channels between parents, providers, advocates, organizers, and policymakers to ensure that no one is left behind in a transition to a public system.

C. Empower union organizing and collective bargaining

Worker organizing and collective bargaining should play an essential role in a just transition and in an expanded, successful public ECE system. Despite the aforementioned barriers to unionizing the ECE workforce, the 2000s saw union drives of home-based childcare providers, who fought a long fight in states to win rights that were afforded to other workers under the NLRA. Some home-based childcare providers achieved state-level labor protections by being classified as public employees when serving children whose families use publicly funded care subsidies, for the express purpose of collective bargaining. When home-based providers can collectively bargain, they can negotiate with the childcare administrator agency in that state over reimbursement rates, benefits, professional development, licensing, and more. Childcare unions have driven successful wins for the sector from organizing: For example, in Illinois, the 2024 SEIU contract increased the reimbursement rates for home-based providers, and workers have bargained for a health-care fund. In California, home-based childcare providers have made significant improvements, including funds for health care and increases in reimbursement rates for family childcare providers, and are campaigning to win a reimbursement rate that is equal to the true cost of care. Additionally in California, through collective bargaining, unionized workers won the state's commitment to pay for the cost of care, the first ever retirement fund for childcare providers, health care, and a training fund (Huang 2019).

Despite real wins, the sector has low levels of union density. The fragmentation of the sector divides worker unity, as Head Start and pre-K workers have a distinct set of laws governing their rights to unionize and collectively bargain. A universal public system should extend and protect the right to organize for workers across the sector so that these wins can be expanded. In part to solve the fragmentation challenge, SEIU has been advancing standards or wage boards, which would give workers, through their



elected representative, a voice in establishing wage standards across the sector. Features of these boards should be carried over into a universal system, primarily the ways that wage boards bring together stakeholders, workers, and community members to make change and improvements in the sector. Additionally, professional development pipelines should run through union apprenticeship programs, vested in union training trust funds like SEIU's Education and Support Fund.

For a just transition and to grow and sustain a well-trained workforce, unions should play a vital role. In many ways, the potential for more union density is even more reason to make our ECE system fully public; the shift has the potential to right the historic wrongs that the workforce still contends with today, and high union density can stabilize the entire system when workers bargain for the pay and benefits they need. Improving the collective bargaining power and quality of work for the ECE workforce is not only just—it is a viable strategy for recruiting and retaining a base of providers to truly meet the needs of children and families.

D. Empower existing provider networks

Research shows that FCC and home-based provider networks can support the quality and effectiveness of both ECE administrative processes and programs themselves (Weisenfeld and Frede 2021). One provider we spoke to also flagged this, noting that a positive development where she lives has been that they "have an intimate circle of providers who are always at the table, with invested relationships with networks and others . . . a diverse mix of new providers, educational background, diverse geography. It needs to be done in a way that is equitable." A 2022 Urban Institute analysis of home-based providers' participation in current federal programs found that the most common barriers to participation could be addressed by intermediary organizations that liaise between the funding agency and providers (Adams and Dwyer 2021). This analysis found the top three barriers to providers' participation in federal programs are: lack of knowledge about the program, challenges enrolling in the program, and challenges meeting the program's requirements. This analysis suggests that if networks—also known as staffed family childcare networks—are properly resourced, they can help providers access federal funding by supporting outreach and recruitment, linking providers to agency navigators, facilitating connection between providers and policymakers, and empowering provider leadership and self-advocacy in policy implementation.

Networks already do a lot of this work helping community providers access publicly funded systems via licensing and subsidies. If the federal government provides funding to properly staff networks and other worker organizations to ensure they have the resources to bring home-based and other small independent providers into the new system, this could go a long way to ensure a just transition as well as enough workforce supply. The current Early Head Start Child Care Partnership financing programs can be a model for scaling such work (<u>Home Grown 2020</u>). These types of groups can also,



critically, be navigators that educate communities about the public program, including historically underinvested or harder-to-reach communities.

VI. Lessons from Existing ECE Systems

Many other countries, and some US states and localities, have experimented with childcare policy innovations and varying levels of universal ECE in recent years; this paper addresses only a few of them. Many of the parents, providers, and organizers we spoke with in the process of writing this paper asked about what we could learn from other countries and state innovations, so we decided to explore how a handful of examples aligned with our guiding principles.

The hope is that US system-builders and policymakers can draw from these and other ideas to build a truly universal system. This section highlights lessons learned for the implementation of a large universal program and sufficient workforce support for expansion. Many of these places consistently reexamine and rework their systems in response to parental needs, the needs of children, and the demands of their economies. This ongoing reevaluation and responsiveness is also a worthy quality to emulate, on top of any programmatic elements. Our current ECE system has the disadvantage of being an entrenched, fragmented system built out and underfunded over decades. For that and many other reasons—including geographic, cultural, demographic, and political differences—none of the following examples should be understood as easily adoptable models, but they do offer lessons helpful to shaping a new system for the US.

A few major lessons from this research that heavily influenced our proposal include the following.

- There must be enough funding to significantly raise providers' salaries **from the beginning** to attract and retain workers, to support expanded access, and to ensure that families can access public ECE.
- A comprehensive and robust child and family safety net outside of ECE itself supports a functioning universal childcare system.
- Governments can build inclusion of parent voice and choice into a public system.
- Subsidizing private childcare can leave a system vulnerable to the ways that profit-seeking decreases quality and inclusivity.
- High union density in the ECE sector supports higher wages and better working conditions as well as helps organize against for-profit capture.
- Volatile levels of revenue and annual budget fights limit the sustainability of local and state ECE initiatives in the US.



Canada

Canada offers a recent case study for the major shift that would be necessary to move a country's ECE provision to a fully public responsibility. During the COVID-19 pandemic, Canada, like many countries, learned critical lessons about the unsustainability of its ECE system. In response, Canada committed around \$24 billion USD in 2021 to create its first federally funded childcare system, to be spent and built out over five years, drawing ideas from the long publicly funded ECE in Quebec as well as British Columbia's \$10 a Day program.¹⁸ The 2021–26 childcare initiative's goal is for families to pay an average of \$10 a day per child for childcare available to all through a publicly funded system.

In 2023, Canada started building out a universal early learning and childcare system, called "Canada-Wide," and encountered challenges likely to emerge in the creation of a new American system: limited, uneven, inequitable availability and a history of childcare being seen as a private responsibility in the country (<u>Beach 2022</u>). In March 2025, Canada announced it had reached agreements with 11 of 13 provinces and territories to extend their current early learning and childcare agreements until March 31, 2031, with those agreements providing up to an additional \$36.8 billion CAD over five years (2026–27 to 2030–31) and a 3 percent funding increase every year for four years, starting in 2027–28 (<u>Employment and Social Development Canada 2025</u>). The new system is voluntary for provinces and territories, but all have signed on to receive the federal dollars with no matching required. Each province or territory has control over certain details, like creating goals for expanded childcare spots, pay scales, and whether for-profit centers are included (<u>Mader 2023</u>). Provincial governments receive the federal dollars and then build out their own system to fund programs (<u>Canada.ca 2024</u>).

Some Canada-Wide funding goes to the creation and renovation of ECE spaces, student loan forgiveness for rural and remote early childhood providers, and increasing training for providers (with \$10 million CAD invested over two years). There are signs of some early success—as of January 2025, parents' average spending on childcare as a proportion of after-tax family income was less than one third of what it was before 2021, declining from 16 percent to 5 percent (Employment and Social Development Canada 2025).

Though Canada says that the program aims to ensure that families in all existing childcare can benefit from the program by publicly funding existing licensed nonprofit, public, and for-profit spaces, Canada also claims it is planning on "protecting the

¹⁸ A note about scale and relative funding amount: the United States' population is significantly larger than Canada's (341.6 million compared to 41.6 million, respectively) (<u>US Census Bureau 2025; Statistics</u> <u>Canada 2025</u>).



emerging childcare system by expanding (primarily) public and nonprofit provision." Many provinces and territories (though not all) are allocating Canada-Wide funding to expand licensed home-based care despite the federal government's lack of focus on those programs (<u>Child Care Canada 2023</u>). It may be too early to measure these impacts, though a Statistics Canada survey reported a decline in the number of parents using home-based care: In 2023, 9 percent of parents reported using home childcare (licensed and unlicensed), compared with 12.2 percent in 2019 (<u>Child Care Now 2023</u>).

Some gaps in funding remain, with not enough new money for childcare programs to significantly raise teacher salaries, which has kept low staffing a challenge. Some critics have also named Canada's order of operations as a misstep-by investing money to create new slots and spaces without first addressing workforce and wages, it can be difficult to truly address the need for care (Mader 2023). News outlets report that families are still facing long waitlists, that the need to retain and recruit more workers did not receive the same level of attention as reducing costs, and that wages for workers remain low (Wong 2024; Cohen Booth 2023). Although prices have decreased, supply did not catch up as quickly-the aforementioned 2023 Statistics Canada report found that although the share of parents struggling to find affordable childcare decreased after implementation of the program, 46 percent of parents reported difficulty finding childcare at all. Additionally, 26 percent of parents reported that their children are on a waitlist in 2023, compared with 19 percent in 2019 (Child Care Now <u>2023</u>). Canadian advocates are pushing for higher wages, a wage grid, strong benefits and pension plans, and other ways to attract and retain workers (Wong 2024). Workforce challenges are particularly pervasive in Ontario, Canada's most populous province, with advocates estimating that Ontario will be short 8,500 early childhood educators by 2026 (Business Wire 2023).

Lessons we can take from Canada include:

- Provider salaries and workforce expansion should be addressed simultaneously to ensure sufficient supply.
- Localities (states) can use national funds to expand their local systems, build out new sites, and renovate existing sites.
- One way to approach creating a public system from a fragmented one is to focus on the expansion of public and nonprofit spaces, with local initiatives to bring in family childcare providers.

France

fIn France, access to publicly sponsored childcare is universal, but the choice of preferred form of care is not guaranteed and varies in availability depending on geographic area. Parents with children under three can enroll either in collective



childcare centers or with individual "childminders" (nannies). Children whose families are unable to secure a center-based placement, or prefer not to, are entitled to a subsidy to receive childcare in the home of a government-licensed and -regulated childcare provider (Berger, Panico, and Solaz 2021). Parents can also choose to stay home with their children and can receive financial compensation through parental leave for up to three years. Parents are offered subsidies and benefits from the government when placing their children in childcare services, calculated by number of children, age of the children, and income. Since 2019, preschool at age three has been required, and nearly all children aged three to six are enrolled in early childhood education and care. Only half of children under age three are in formal childcare, most likely because families have three years of parental leave available to them.

France has faced challenges removing barriers to care for disadvantaged families, and overall funding remains lower than needed. (Still, 7 out of 10 families who wished to enroll children under one year old obtained a place, which is far more comprehensive coverage than the US.) Despite childcare centers being the most affordable option, "childminders" (nannies) are the most commonly used type of childcare, which research shows is primarily due to the limited slots and a lack of flexible hours in collective childcare. Given the complex funding system, some critics find governance too fragmented across too many entities (including local authorities, municipality associations, departmental councils, the Caisse d'Allocations Familiales [CAF],¹⁹ the Agricultural Social Security Mutual Fund, and state and private actors), with a lack of clear authority or overall accountability (Flemons et al. 2022).

Some takeaways from France's system include:

- Coordinated governance structures can be important for a coordinated system.
- It is important to ensure that local programs are sufficiently funded so that access is equitable across regions and a lack of slots does not force parents' decision-making.

Norway

Norway guarantees a slot in what it calls kindergarten for all children after they turn one year old, which is around the time Norway's parental paid leave coverage ends. In Norway, childcare is considered a legal right, and more than 90 percent of children one-to-five years old attend full-time (<u>Beach 2022</u>). Norway's childcare is publicly funded through a combination of national grants, parent fees, and municipal funds. The National Parents' Committee for Kindergartens ensures that parents' interests and concerns are considered. The committee informs parents about and helps them with

¹⁹ The CAF is the government agency that offers services and benefits for families, including but not limited to early childhood education, family allowances, pregnancy benefits, and housing benefits.



their right to influence the daily routine and curriculum of the kindergarten—a parent council is also legally required for each kindergarten (<u>National Parents' Committee for Kindergartens, n.d.</u>). According to the Norwegian website for the committee, it acts as the voice of parents at the Ministry of Education and ensures the parental perspective is clearly reflected in hearings and legislation (<u>Foreldreutvalget for Barnehanger n.d.</u>). Parental leave, family leave, cash benefits for families of children one-to-two years old not attending childcare, tax provisions, transfers, and family allowances make up the rest of the country's robust child and family social safety net.

Before a period of significant expansion between 2003 and 2009, Norway faced challenges similar to the US: low supply, high costs, and geographically inequitable access. A commitment to increased public funding slowly worked the system up to full coverage. This was achieved through national grants for municipalities to cover ongoing operating costs as well as funds to create and expand the number of sites. The system started with a maximum monthly fee for parents (guided by income), which is established annually in the national budget and is currently around \$290 USD a month. Parents pay no more than 6 percent of household income up to that ceiling, but families with lower annual incomes have the option to receive 20 free core hours a week for two-to-five-year-olds (Lind 2024). Quality has been shown to be high, due to strong regulations and accountability measures. Wages and working conditions are similar across all types of programs because of central bargaining and high rates of unionization in the industry (Beach 2022).

Importantly, Norway has a mixture of both public and private nonprofit childcare centers, all funded by the combination of parent co-pays, local municipalities, and the national government. Public centers are owned and run by local municipalities. Private care is most often at nonprofit centers and even at in-home centers, giving parents some choice of setting (Mader 2024b). Private kindergartens are regulated in the Kindergarten Act, with the aim of giving private kindergartens the same terms and conditions of public kindergartens within the same municipality, and the municipality can decide if it wants to support a given kindergarten. The same regulations apply to fees in public and private settings. Public funding covers 85 percent of operating costs for childcare programs (European Commission 2025). Funding is determined by the number of children served, with programs able to receive double the amount of money for each child under three to account for the lower student-teacher ratios for that age group (Mader 2024b). Families are guaranteed childcare in the area they live and can rank their choices of usually five preferred programs, with priority to children with additional support needs. If they don't get their first choice, they'll usually enroll in their second choice while being put on the waitlist for their first.

Norway's system is not without its challenges. For one, Norway has experienced a recent increase in large for-profit childcare chains, which continues to be a topic of debate in the country, as the chains receive public subsidies. Construction companies in Norway have made large profits from ECE through property development and real



estate, and the two largest chains own close to 200 centers each (<u>Beach 2022</u>). The two major unions representing childcare workers have been the most vocal opponents of this trend, and some municipalities have passed local resolutions saying that all future childcare centers must be operated by a municipality or nonprofit organization. Other countries' challenges with affordability and private care are less of a concern in Norway, because maximum fees apply to all municipal and nonmunicipal facilities. National legislation has also highly regulated for-profit childcare, requiring reporting on parent fees, use of any public funds, and annual reporting. Norway has also been shifting oversight from municipalities to a national supervisory body. Its main issue has been for-profit childcare companies hiring less-experienced staff or serving fewer children with special needs in order to maximize profit (<u>Beach 2022</u>).

Additionally, inequities exist in Norway's system. The 2021 Oslo Early Education Study found that despite standardized requirements, finding staff for lower-income kindergartens can be difficult because they have higher turnover rates (<u>Rydland and Lekhal 2021</u>, interviewed and cited by <u>Mader 2024b</u>). As of 2018, only about half of Norway's municipalities had been able to narrow the gap in use of kindergartens between low- and high-income families since the 2002 mandate for universal access (<u>Dearing et al. 2018</u>). After Norway saw an increase of children with disabilities, educators told the Hechinger Report that Oslo has responded with sufficient funding—the city pays for and sends in specialists for added support. Despite that, the quality and amount of services can still vary by city (<u>Mader 2024b</u>).

A major caveat about any Norwegian policy example is that Norway is one of the wealthiest nations in the world, and is roughly the size of Montana. With that being said, lessons to be learned from Norway's system include:

- Implementation:
 - A comprehensive and robust child and family safety net outside of childcare supports a functioning childcare system.
 - Governments can build inclusion of parent voice and choice into a public system.
 - Subsidizing private childcare can open the door to the ways that profit-seeking can decrease quality and inclusivity.
- Workforce:
 - High union density in the ECE sector can support higher wages and better working conditions as well as organize against for-profit capture.



Massachusetts

Massachusetts, which has some of the highest costs of childcare in the United States, earmarked \$475 million for ECE in fiscal year 2024. This investment was made at the tail end of the ARP funding, when Massachusetts recognized that it would need to find adequate state funding to fill in the gaps left by the expired federal funding to sustain and shore up the ECE system. But that investment was not considered by providers and advocates to be sufficient (Locke 2024). In response, Massachusetts's FY2025 state budget invested \$1.5 billion in the childcare sector and included policy provisions to not only make childcare more affordable but also improve compensation for providers. The state raised income eligibility for state childcare financial assistance from 50 percent of state median income to 85 percent, to be increased over time to 125 percent if funds are appropriated. It also capped family childcare co-payments at no more than 7 percent of income. The budget made permanent a grants program called the Commonwealth Cares for Children (C3), essentially an extension of the ARP stabilization grants. The program provides foundational funding as well as scholarship and loan forgiveness programs for ECE providers. It also allows providers to use the funding to cover costs like increased salaries, payroll, benefits, professional development, supplies, curriculum, rent or mortgage, utilities, and upgrades to facilities (Sullivan 2024). Massachusetts also directed the Department of Early Education and Care to develop a career ladder for ECE providers with salary and benefit guidance for each level.

The ECE supply in Massachusetts now exceeds its pre-pandemic levels, with around 237,000 childcare slots total in 2024, compared with 229,000 before the pandemic (Sullivan 2024). The number of licensed providers, too, has recovered. Reimbursement rates for providers were raised in January 2025 (Mass.gov 2025) after research was commissioned to analyze the true cost of providing care and revising the provider reimbursement rate structure (Massachusetts Taxpayers Foundation 2024). The study found that the cost to provide care far exceeded FY2023 reimbursement rates for center-based providers across the board, except preschool providers in regions surrounding Boston. The study included family childcare providers and found that costs per child are significantly higher when only serving infants and toddlers, because licensing regulations limit the number of young children that can be served at family childcare programs (a problem faced by family childcare providers across the country). In June of 2024, the state reached a contract agreement with SEIU 509, the union that represents family childcare providers, to implement rate increases for those programs as well.

Notably, Massachusetts has also imposed strong guardrails on large, for-profit childcare companies in the state, requiring for-profit childcare companies with more than 10 sites to agree to conditions to receive C3 grants, including prioritizing provider compensation, accepting a certain number of children in need, and providing financial



transparency (<u>Haspel 2024b</u>). Massachusetts also imposed a ceiling to how much funding any given chain can receive, at 1 percent of the C3 funding.

Though Massachusetts' ECE program is still in progress, lessons can be learned from its ambitious initiatives and investments:

- Implementation:
 - The government can create strict guardrails for large for-profit childcare companies.
 - Investing in ECE can increase the number of available slots for children and families.
- Workforce:
 - True-cost-of-care studies are necessary to determine adequate rates for providers.
 - Such studies should address multiple delivery modalities and ages, and any increases must meet the true cost of care across the board.
 - Higher salaries, scholarships, loan forgiveness, and career ladders can shore up and expand the workforce to accommodate the needs of a more universal ECE system.

New Mexico

As of 2022, childcare is now free for most families in New Mexico, and the state's new investments have lifted 120,000 New Mexicans out of poverty (<u>Nowell 2025</u>). After years of pressure from grassroots groups in the ECE community and with a concerted effort by the governor, New Mexico has nearly tripled its funding for its ECE system through two new strategies: (1) the Early Childhood Trust Fund established in 2021 by the New Mexico legislature (general funds), and (2) increasing the percentage of its disbursement from its Land Grant Permanent Fund, the state's vehicle for funding public education. New Mexico also enshrined ECE funding in its state constitution in 2022, when 70 percent of New Mexican voters approved a constitutional amendment to direct 1.25 percent of the state's Land Grant Permanent Fund to early childhood programs (<u>New Mexico Office of the Governor 2022</u>).

This funding has made childcare free for families earning up to 400 percent of the federal poverty level, or about \$124,000 for a family of four. New Mexico's governor has also dedicated state funds to continue a wage increase of \$3 an hour that was originally put in place with ARP funds, and the state implemented a Competitive Pay for Professionals (CPP) grant to address challenges with recruitment and professional



shortages through wages. The CPP grant was launched in November 2022 using an initial investment from the ARP of \$77 million. New Mexico has also established an industry minimum wage of \$18 per hour and \$22 for lead teachers. It also introduced a pay parity program for providers across the sector, which ensures Head Start providers and community-based providers achieve parity with public pre-K salaries.

In order to determine the true cost of delivering care, New Mexico successfully led an alternative methodology process from 2020 to 2021, including a cost study and a dynamic cost estimation model to determine actual costs of high-quality care. This provided benchmarks for New Mexico to increase rates in 2021 and again in 2023. It also used two different cost models for center-based childcare and family childcare home settings and included provider input throughout the process. The cost study tool allowed the state to understand costs for different ages, across program types, and at different regulatory requirements. Providers must be licensed or registered to participate in the new subsidy program, which means it includes licensed childcare centers, licensed family childcare homes, licensed group homes, and registered homes. Provider participation in the Child Care Assistance Program has increased 107 percent since 2021, partially because of the program's increased attractiveness to providers-the average per-child reimbursement rates have increased by 20-30 percent (Capito et al. <u>2024</u>). The influx of funding into the ECE system has also helped parents and caregivers join or stay in the workforce and achieve professional advancements and financial stability (Huter and Romans 2024).

New Mexico's funding capacity is unique due to its significant revenue sources. But there are also concerns about how permanently sustainable (or ethical) a fossil-fuel-funded system trust fund really is; New Mexico Voices for Children, for example, has called for reliable, sustainable, and permanent funding sources to go into the Land Grant Permanent Fund, avoiding the fluctuations of the economy and oil and gas industries (<u>Vigil 2023</u>).

Takeaways from New Mexico include:

- Implementation:
 - A substantive cost-modeling process with provider input can ensure that providers are fully funded to operate quality programs.
 - Making it easier for providers to accept subsidies could help informal and family childcare providers not get left behind by expansion.
- Workforce:
 - Investing in pay raises and continuing education for workers can make a new system attractive to providers and lead to more supply.



Washington, DC

Washington, DC, has some of the most ambitious local ECE policies in the country. Its innovations began in 2009, when it implemented two years of universal full-day preschool (UPK) across public schools, public charters, and some private nonprofit preschool programs. The UPK system is funded at levels comparable to K-12 education and open to all families—though when it was first implemented, it focused expansion on lower-income communities first (Malik 2018). All UPK settings are held to quality standards set by the DC Office of the State Superintendent of Education (OSSE).

UPK in a vacuum (without a comprehensive, universal birth-to-five system) can sometimes affect the supply and cost of infant and toddler care. Childcare providers traditionally cross-subsidize more expensive infant and toddler rooms by also serving preschoolers, who are less expensive to serve because of less stringent ratio requirements. Without the ability to cross-subsidize, sometimes infant toddler prices go up or slots decrease. DC has addressed this by taking significant steps to build a comprehensive birth-to-five ECE system. On top of its UPK system, DC has implemented a Child Care Subsidy Program that allows families with incomes up to 300 percent of the federal poverty line to be eligible for childcare subsidies for younger children. The program pays all or part of the cost of childcare for those families directly to providers, with some families paying a portion of the cost to the provider (DC OSSE <u>n.d.a</u>). Families can use the subsidies to pay for care at licensed childcare centers or in-home care providers who enter into agreement with the OSSE to participate in the program, which involves undergoing background checks and training in health and safety. In addition to income-eligible working families, the assistance is available to children in foster care, children with disabilities, children of adults with disabilities, children of teen parents, and other special populations.

In 2021, DC launched the Early Childhood Educator Pay Equity Fund (DC OSSE n.d.b), which provided annual payments of \$14,000 for full-time lead teachers and \$10,000 for assistant teachers in its first two years. Now, it has shifted to a salary schedule based on the one for DC public school teachers, funded through a tax on individuals earning more than \$250,000 a year. DC also expanded access to affordable health care for early childhood providers. The Urban Institute found that the Pay Equity Fund increased lead teachers' wages by 37 percent and assistant teachers' wages by 31 percent, with nearly all recipients surveyed reporting that the fund helped them pay for essentials like housing, utilities, and food as well as pay off debts (Sandstrom et al. 2024). In the same survey, 62 percent of early educators agreed or strongly agreed that they plan to continue working in DC childcare longer than previously expected because of Pay Equity Fund payments. Additionally, 49 percent of childcare center directors reported that the payments have made it easier to attract "qualified" new teachers to their facilities, and 61 percent reported that the payments have made it easier to retain "their best" teachers. A Mathematica study showed that payments were associated with an increase of 219 early childhood educators, or nearly 7 percent, over its estimate of what



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the sector's employment level in DC would be without the Pay Equity Fund (Schochet 2024).

Despite the demonstrated success of the initiative's ability to increase the supply of ECE providers, this kind of local program is not safe from the political and budget fights common to significant municipal investments. In 2024, DC Mayor Muriel Bowser proposed eliminating the Pay Equity Fund entirely to balance the city's budget in a tight budget year. Advocates, providers, and community members rallied against this for months, and in the end the program was maintained—but with a \$17 million cut (<u>Fakile 2024</u>). Its future durability, therefore, is uncertain.

Some takeaways from DC include:

- Implementation:
 - Volatile levels of revenue and annual budget fights can impose limitations on the sustainability of local and state ECE initiatives.
- Workforce:
 - Major investment in higher wages and better benefits for the workforce significantly increases and sustains the workforce to meet expanded demand.
 - Investing in the entire birth-to-five continuum can help avoid unintended consequences of investing only in pre-K/older children.

VII. Conclusion

As families' access to childcare *and* wages for the ECE workforce remain stubbornly low and too few families can afford or find the care they need for their young children, we hope the field can embrace the need for a bold proposal for a universal public ECE system. Our means-tested, underfunded, fragmented system that serves so few children and families must be transformed, despite the challenges, trade-offs, and infrastructure-building that would come with such a significant sectoral transition.

This paper focuses on the tensions such a transition surfaces for stakeholders in the current system—tensions that often limit our imaginations and vision for the future. The conversations we had for this paper led us to believe that it is possible and necessary to create an ECE system that benefits *all* young children, their families, and care providers and includes a just transition for the current workforce as well as significant input from ECE stakeholders on issues of quality, governance, implementation, and more. This work serves as part of an ongoing conversation to get us to a proposal the field can mobilize around and offers an alternative vision to those



who do not see ECE as a place for significant public investment.

Of course, resolving these tensions only addresses one barrier to realizing a vision for universal public ECE. It still leaves us with the much more sizable and challenging obstacle: convincing enough American policymakers that transformative federal investment in early childhood education is the solution to ensure all families have access to high-quality ECE that will help their children thrive and meet their families' needs. Getting internal alignment within the ECE field is insufficient to win the ECE system we need, but it is a necessary first step. Other experts, communities, and political thinkers have explored the political strategies needed in depth; we hope that system-builders and organizers can combine lessons from our paper with the ideas of organizers, advocates, and other stakeholders to create a vision to rally around.

We also acknowledge that we are publishing this paper in a moment of intense and unprecedented debate around the role of the federal government writ large. The lessons of our conversations and research should nevertheless be helpful and informative for state and local policy in our current moment, as we simultaneously make the case for the federally funded, national ECE system we desperately need. Overall, this paper should inform current and future state, local, and national organizing as well as conversations within the ECE field. We also hope it inspires policymakers at the state and federal levels who understand that it is far past time for the US to invest in its youngest children and those who care for them in a real and lasting way.





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Appendix

Questions we asked the organizers in fall 2024:

- 1. When someone says "public option" in the childcare space, what do you think about?
- 2. When we refer to "public option" for childcare, we mean [please see below definition]. How does this definition sound to you? What sounds good? What needs to be changed in your opinion?
 - a. Definition: "A public option in childcare would establish an early care and education system that would offer every child 0–5 a free, age-appropriate placement in a local care facility funded by and operated or substantially overseen by the federal or state government. The public option would set basic requirements about programming, staff compensation, space, health, and safety. The public ECE system would sit alongside private childcare options."
- 3. What values guide your work on childcare as a public good?
- 4. How does the current system reflect those values, in ways that we would want to retain?
- 5. How does the current system depart from those values, in ways that need to be reformed?
- 6. As you consider the above definition of a public option, knowing there's certainly a lot of detail to be considered, do you have thoughts on how this feels when you hold it up to your values?
- 7. Can you imagine a fully public option that also upholds your values?
- 8. Let's talk about the experiences of people currently living with the care system we have.
- 9. What do you believe the workers from childcare, Head Start, and/or public pre-K would say about the pros and cons of this?
- 10. What do you believe parents/families—those relying on care—would say about the pros and cons of this?
- 11. What do you think the owners of small childcare businesses—in centers or in family child care—would say about this? What is their advocacy approach and strength? Can you tell us about your experiences with them?



- 12. Who do you think would be likely allies of yours if you made an organizational decision to fight for a public childcare system?
- 13. Would that be different from the set of allies that you work with currently?
- 14. What would prevent any current allies from working together on a public option?
- 15. Are there players with power/influence in the early care space that would work against this?

Questions we asked the parents/providers in fall 2024:

- 1. Do you have families who pay you with a childcare subsidy? Do you work in Head Start or Early Head Start? Do you have pre-K funding from your state or school district?
- 2. What has been good about that experience?
- 3. What has been bad about that experience?
- 4. What are the values you bring to your work?
 - a. Prompts: For instance, what is important to you for parents and families to experience? What is important to you about what young children experience? Do you have a belief about your work that you bring to your time with children?
- 5. If you could do anything, what would you change about how the childcare system works?
- 6. Are there specific policies you know of that make the thing you want to change the way it is?
- 7. Is there anything about current childcare policies, rules, or the whole system you want to make sure doesn't change? Why?
- 8. The team has been thinking about this to describe "public option" in childcare. Please take a moment to read this definition and consider this, and then let's open it up and hear what you think about what you see here.
 - a. Definition: "A public option in childcare would establish an early care and education system that would offer every child 0–5 a free, age-appropriate placement in a local care facility funded by and operated or substantially overseen by the federal or state government. The public option would set basic requirements about programming, staff compensation, space, health, and safety. The public ECE system would sit alongside private childcare options."



- 9. What resonates?
- 10. If the government were building a new system designed to ensure all children had childcare, what are the values you would want that system to be built around?
- 11. If you could do anything, what would you change about how the childcare system works?
- 12. Are there specific policies you know of that make the thing you want to change the way it is?
- 13. Is there anything about the current childcare policies, rules, or the whole system you want to make sure doesn't change? Why?





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