



How to Talk About:  
**CHILD CARE**

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# Five Key Points About Child Care

- 1 GOVERNMENT FUNDING OF DAYCARE WILL LEAD TO GOVERNMENT CONTROL OF DAYCARE CONTENT.**
  - Across the country, public school parents are frustrated with their schools' performance, schools' ability to provide a safe environment, and the content of classes.
  - Parents should reject the idea of government similarly dominating the childcare and preschool sector.
  - Government funding could be used to coerce private childcare facilities into adopting certain policies or approaches, including divisive curriculum like CRT and gender-related content. The same battles and political strife we see across the country around K-12 public schools will now hit preschools.

- 2 GREATER DAYCARE OR PRESCHOOL ENROLLMENT DOES NOT IMPROVE OUTCOMES.**
  - Typically, policymakers suggest solutions like universal daycare.
  - We should access government child care based on the record, not the intention. A [federal study of Head Start](#) (the existing, childcare/early education program meant to help low-income children) showed no academic benefits and some emotional harms.
  - While intensive programs can help very at-risk, low income families, there's no evidence of benefits for the general population.

- 3 CHILD CARE IS A PERSONAL DECISION.**
  - Government-centric solutions tend to be one-size-fits-all; families are not. Families have different preferences for how to care for children.
  - Most [working mothers](#) would prefer to work less and spend more time with their children.
  - Millions of families make sacrifices to provide family care because they think it's best for their children.

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- Just **6 percent** of parents think a quality daycare center is optimal. Government shouldn't subsidize one childcare choice (particularly parents' least preferred option).

## 4

### **THERE ARE BETTER WAYS TO MAKE CHILD CARE MORE AFFORDABLE.**

- Regulations make daycare needlessly expensive and scarce. Between 2005 and 2017, the number of home-based childcare providers fell by about **50 percent**.
- A **Mercatus Center study** concluded that eliminating ineffective childcare regulations could “reduce the annual cost of child care by between \$850 and \$1,890 per child across all states, on average.”

## 5

### **POLICYMAKERS SHOULD SUPPORT ALL FAMILIES.**

- Policymakers should help all families with young children. They can do this by:
  - Reducing tax and regulatory burdens
  - Supporting strong, flexible labor markets
  - Empowering families to make the care decisions that are best for them.

# Why Our Ideas Are Better

All parents want what is best for their children. But different families have different needs and priorities. For example, families might:

- Prefer that one parent stay at home with their young children, even if this means foregoing his or her income.
- Be led by a single parent, who needs full-time daycare.
- Have a relative, like a grandmother or aunt, who can (and wants to) provide care one or two days a week, using an in-home daycare on other days.
- Share a nanny with a neighbor.

Yet far too often, policymakers approach child care with a one-size-fits-all government solution.

Government childcare programs tend to ultimately direct most dollars flowing to large, institutional childcare centers.

- This limits parents' choices by making it harder for smaller, home-based or faith-based centers to compete.
- In fact, recent government proposals explicitly disfavor faith-based centers, barring them from receiving funding to improve their facilities.

Universal preschool presents similar issues.

- The COVID-19 pandemic laid bare the various problems already present in our public school system—and the unwillingness of teachers' unions to respond to students' needs.
- Because a government-run option will be an expansion of the Head Start program, it's important to note that a [federal study of Head Start](#) showed **no academic benefits and some emotional harms**.
- Across the country, public school parents are frustrated with their schools' performance, schools' ability to provide a safe environment, and the content of classes.
- Parents should reject the idea of the government similarly dominating the childcare and preschool sector.

If we want to help parents, we need to give them more choices, not fewer. We need to give them better options, not worse. Here's how:

## REVIEW REGULATIONS

Daycare cost is prohibitive for many families. One major contributing factor to rising daycare costs is the number

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of regulations that state and federal governments impose on providers. While some regulations address important quality and safety issues, many are unnecessary and do not improve quality. They just needlessly add to costs.

■ **In Indiana**, for example, regulations require that each group of children over the age of two must have access to “an art easel with paint and paper, a water/sand/alternative type of activity, a shatterproof mirror, a set of wooden unit blocks, musical listening equipment, and musical instruments.” The state doesn’t stop at playtime either, they state that “centers may not use punishment to correct unacceptable behavior,” (does that mean that all forms of correction are outlawed?) and have further detailed instructions governing meals and rest time.

■ **Oklahoma**, too, has excessively detailed toy requirements, with stipulations for the number of toys and the variety of their categories. It even “specifies how many balls of various sizes are needed for each number of children.”

■ One **study** found that simply increasing child-staff ratios by one infant, could “reduce the annual cost of child care

by between \$850 and \$1,890 per child across all states, on average.” It’s important to note that these regulations were also not found to improve measures of quality (the study concluded that education and training of caregivers were the only requirements studied that were associated with improved quality of care).

**Lawmakers should review regulations to identify and eliminate those that do not promote quality of care but do increase the cost of care.**

### **CONSOLIDATE AND IMPROVE CHILD TAX BENEFITS**

**Policymakers could assist parents by consolidating existing child-centered tax credits and spending, and using those savings to provide additional refundable tax relief for parents.** This would make life with kids more affordable, end the current government bias against stay-at-home parents, and simplify the tax code.

**Policymakers should encourage saving for early and lifetime education.** States offer parents specific tax-advantaged savings accounts, 529s, that allow them to save for their children’s future college expenses. The **Tax Cuts and Jobs Act** expanded 529s to include elementary and

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secondary education tuition expenses. Policymakers should consider expanding the use of 529 accounts to apply to the costs of child care and general child-rearing, not just formal education.

Our ideas are better because they honor this simple fact: *Parents*, not government bureaucrats, are best situated to make decisions about child care.

# Misperceptions v. Facts

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## 1. MISPERCEPTION: Daycare centers are associated with positive educational and life outcomes for children and will close the learning gap and benefit society.

**FACTS:** Many assume that quality child care centers are associated with positive educational and life outcomes for children. But studies that look broadly at the impact of day care on the general student population show discouraging results.

A [federal study of Head Start](#) showed no academic benefits and some emotional

harms. Any initial improvements disappeared over time and in fact, some [compelling research](#) suggests that children would be worse off from increased use of government-subsidized daycare. And while intensive programs can help very at-risk students, [there's no evidence of benefits for the general population](#).

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## 2. MISPERCEPTION: Most parents would prefer to send their children to an organized daycare facility.

**FACTS:** [53 percent](#) of married and 40 percent of single mothers think one parent staying home is best for children.

Just [6 percent](#) of parents think a quality daycare center is optimal.

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## 3. MISPERCEPTION: Families that can afford to keep a parent at home don't need financial help. Parents that use daycare do.

**FACT:** Many middle- and lower-income families make significant sacrifices so a parent, or other relative, can care for children.

- 66 percent of working families earning \$75,000+ have children in daycare/preschools.
- 57 percent of those earning less than \$30,000 rely on family care.

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#### **4. MISPERCEPTION: Childcare subsidies will reduce costs.**

**FACT:** When the government gets involved in a market, prices tend to go up. Look at college: subsidies meant to make college affordable made prices soar. Daycare users may pay less as a result of government subsidies, but taxpayers will face skyrocketing costs.

# Quiz

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**1** Which type of child care is preferred by most parents?

- A.** One parent at home with children.
- B.** Organized daycare facility.
- B.** Relative-based child care.

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**2** How can the government make child care more affordable?

- A.** Increase childcare subsidies.
- B.** Get rid of unnecessary daycare facility regulations.
- C.** Increase daycare facility regulations.

**3** TRUE or FALSE: Childcare subsidies will reduce costs.

- A.** True
- B.** False

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**4** What are ways to help parents with child care?

- A.** Reduce onerous regulations.
- B.** Consolidate and improve child tax benefits.
- C.** Encourage saving for early and lifetime education.
- D.** All of the above.

# Quiz Answers

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## **Q1 ANSWER: A**

**53 percent** of married and 40 percent of single mothers think one parent staying home is best for children. Just **6 percent** of parents think a quality daycare center is optimal.

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## **Q2 ANSWER: B.**

Some regulations are important to ensure that daycare facilities are safe for children, but many do not enhance quality and just drive costs up and supplies out of business. A **Mercatus Center study** found that relaxing the child-to-staff ratio—a measure not associated with quality—by one child could reduce costs for parents by up to \$1,890 a year. Over-regulation is one reason the number of home-based daycare centers **decreased by half** from 2005 to 2017.

## **Q3 ANSWER: B**

False. While daycare users may pay less, taxpayers will have to cover the additional costs because when the government gets involved, prices go up. For example, college subsidies were meant to make college more affordable but instead made prices soar. Daycare subsidies will have a similar effect on prices and Americans will face higher taxes as a result.

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## **Q4 ANSWER: D**

If we want to help parents, we need to give them more choices, not fewer. Reducing onerous regulations will reduce compliance costs for facilities and give parents more options at lower prices. Consolidating and improving child tax benefits would also make it easier for parents to make whatever care choices make sense for their families.

# Child Care in 60 Seconds

## WHAT'S AT STAKE

We all want children well cared for and ready for school. But the government shouldn't favor one arrangement (daycare/preschool) over others. Instead, we should empower all families to make the best choices for their unique situations.

### Most parents prefer family or home-based daycare.

- **Most working mothers** would prefer to work less and spend more time with their children. High taxes and living costs make it difficult for families to live on one salary.
- Between 2005 and 2017, the number of home-based childcare providers fell by about **50 percent**.

Unfortunately, governments tend to subsidize larger, institutional childcare centers, making it harder for home-based centers to compete, and leaving families with fewer options.

### Institutional daycare is parents' least preferred option.

- **53 percent** of married and 40 percent of single mothers think one parent staying home is best for children.
- Just **6 percent** of parents think a quality daycare center is optimal.

### Greater daycare or preschool enrollment does NOT improve outcomes and may cause harm.

- A federal study of Head Start showed no academic benefits and some emotional harms.
- While intensive programs can help very at-risk students, there's no evidence of benefits for the general population.

## THE BETTER WAY FORWARD

### Make daycare more affordable.

- A **Mercatus Center study** found that low child-staff ratios did not improve the quality of child care, but significantly increased costs.
- Increasing child-staff ratios by one infant, for example, could "reduce the annual cost of child care by between \$850 and \$1,890 per child across all states, on average."

### Policymakers should support all families.

Rather than increasing subsidies for daycare, policymakers should help all families with young children by reducing tax and regulatory burdens and supporting strong, flexible labor markets so families can make the childcare decision that they feel is best.

## The Return On Investment Of Government's Childcare Subsidies

President Biden and other proponents of the American Families Act argue that a major expansion of government spending on childcare and preschool will not only help parents but also result in lasting benefits and improved life outcomes for children.

To find out what you know about this important topic, let's play the game "Two Truths and a Lie." Can you identify which of these statements is a lie?

- A. Participants in the Perry Preschool Project enjoyed significant and lasting improvements in life outcomes.**
- B. Based on this research, we can expect most American children to experience similar benefits.**
- C. Head Start, the existing, major government-funded childcare and early education program, has not generated significant or lasting benefits for program participants.**

Let's take these statements one at a time:

**A. TRUE!** The **Perry Preschool Project** was conducted between 1962 and 1967 and served "128 three- and four-year-

old African-American children living in poverty and assessed to be at high risk of school failure." The preschool consisted of 2.5 hours of intensive instruction by college-educated teachers with a 6-to-1 class ratio and included weekly 1.5-hour at-home visits where a teacher taught the mother how to be involved in her children's education. Participants experienced significant learning and other improvements compared to similarly situated peers.

**B. FALSE!** Results from the Perry Preschool Project are interesting, but they are not at all a good proxy for the expected effects of broad daycare subsidies for all American children or for traditional daycare or preschool programs, which are not nearly as intensive and do not include home-based intervention. In the last 50+ years, the results of the Perry Preschool Project have not been replicated.

**C. TRUE!** Head Start is a much more relevant proxy to answer the question "what would the likely return be from a massive increase in federal investment

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in daycare and preschool?” After all, Head Start is the existing major federal government daycare initiative that has been in place for decades and meant to improve child readiness for school while allowing parents to work. But **government research** into the efficacy of Head Start found essentially no lasting benefits. Any initial improvements disappeared over time.

Moreover, Head Start focused on low-income students who are more likely to experience some benefits from early education programs. Expected results for the general population would be even worse. In fact, some **compelling research** suggests that children would be worse off from increased use of government-subsidized daycare.

While public officials like President Biden probably have good intentions when they propose to expand the government’s role in childcare and preschool, we must judge policies by their results, not their intentions. Childcare is a challenge for many working families, especially with young children. But rather than a government-centric approach, lawmakers should consider ways to empower parents with the resources and choices they need—and want—in order to do what’s best for their families.