

GAP FUNDING ISSUE BRIEF

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ISSUE OVERVIEW

The United States faces an unprecedented child care crisis with soaring costs that many American families cannot afford, directly contributing to financial and economic instability and barriers to proper childhood development. The Department of Health and Human Services defines child care as affordable if it does not exceed 7% of a household's income.¹ Over 84% of families exceed 10%. While federal and state governments have made efforts and programs to address child care affordability, it is not enough.

In addition to severe financial ramifications and barriers, this crisis impacts the development of America's future: our children. According to the North Carolina Department of Health and Human Services (NCDHH), science shows that early childhood experiences from birth to age 8 affect the development of the brain's architecture, which provides the foundation for all future learning, behavior, and health.² A strong foundation is critical to helping children develop the skills they need to become well-functioning adults. In particular, the time between birth and age 3 is a period of rapid brain development when billions of connections between individual neurons are established. Mechanisms and interventions to support that development must be available beginning at birth. Studies show that when brain development in infants and young

¹ <https://www.childcareaware.org/our-issues/public-policy/child-care-access-and-affordability/>

² <https://developingchild.harvard.edu/science/key-concepts/brain-architecture/>

children is fully supported, they are more likely to reach milestones critical to future individual success, such as third-grade reading proficiency, high school and postsecondary graduation, future employment, lifelong healthy physical and mental health, and avoidance of substance abuse and crime.

Now that we understand why child care and early childhood education matter, we can delve deeper into this crisis at multiple levels of government, including federal and both Kansas and Missouri. What have each of these governments done to combat it and how have they failed?

FEDERAL

Since 1990, the Child Care and Development Fund (CCDF) has served as the most significant subsidy program the federal government offers to low-income families to obtain free or low-cost childcare. An analysis from the Government Accountability Office (GAO) found that an average of 1.5 million children under 13 obtained free or low-cost child care through the program.³

However, the analysis also found there were 12.7 million other children who meet the federal eligibility requirements but do not receive assistance, meaning nearly 90% of eligible children do not benefit from federal subsidies and are left without support. Additionally, many families do not apply for the program due to the complexities of the process, a lack of network providers, or simple unawareness.

KANSAS

Kansas is at a crossroads with how it will address the significant issues families currently face in early childhood. Even though child care can often cost more than a

³ <https://www.childtrends.org/publications/millions-eligible-children-miss-federal-child-care-grants>

home mortgage in Kansas, providers can barely afford to stay open, let alone offer decent wages to entice employees or retain them. In fact, providers often operate at a loss, incur debt to remain in business and use grants to offset the costs. Families have extremely limited options, further inflating child care costs and rendering them unaffordable for a growing number of families.⁴

In 2022, the University of Kansas collaborated with the Kansas Department of Health and Environment (KDHE) and the Institute for Policy and Social Research (IPSR) to learn more about the impact the state's child care crisis is having on families in rural areas. IPSR found that 37% of Kansans lived in what they categorize a "child care desert", which is defined as "any census tract with more than 50 children under age 5 that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots."⁵ More recent data from the Center for American Progress proves this has only worsened, further confirming an unprecedented crisis, with the number now being 44%.⁶

Earlier this year, Governor Laura Kelly proposed \$56 million for the 2025 budget to address the massive shortage of child care and early education services in the state, including nearly \$30 million to construct new child care facilities.⁷ It is currently unclear if this was included in the budget the Legislature passed earlier this month.

MISSOURI

Missouri's child care issues are worse than its neighboring state and have many parallels. As of 2023, a whopping 80% of counties in Missouri are child care deserts.⁸

⁴<https://www.kcur.org/2024-01-15/kansas-governor-wants-56-million-to-combat-a-shortage-of-child-care-and-early-education>

⁵ <https://cppr.ku.edu/using-data-collaborative-tool-child-care-crisis-kansas>

⁶ <https://childcaredeserts.org/2018/?state=KS>

⁷ <https://governor.kansas.gov/governor-kelly-announces-fiscal-year-2025-budget/>

⁸ <https://www.msn.com/en-us/money/companies/missouri-is-losing-out-on-more-than-a-billion-dollars-due-to-a-lack-of-childcare/ar-BB1mWI2z#:~:text=Over%20the%20past%20two%20years,aimed%20at%20alleviating%20the%20problem.>

The state has recently lost over 1,100 childcare providers while the crisis costs the state's economy an estimated \$1.35 billion a year due to people leaving the workforce to care for their children.⁹ According to Child Care Aware, the average cost of full-time tuition for an infant in Missouri was \$11,059 as of 2022.

While there were some victories, Missouri's recent legislative session did not result in enough to make a fundamental difference for everyday families. All proposed tax credits were denied in favor of additional funding for subsidies backed by Governor Parson. However, Missouri has been slashing millions of dollars for its early childhood education budget since 2012, helping it rank 4th worst in the nation in terms of the quality of its early education systems¹⁰. One victory that could come begins this August when Missouri voters will be asked if child care centers should be exempt from property taxes. The exemption aims to help mitigate a dramatic shortage of childcare workers and facilities and, in theory, lower costs for Missouri families.

CONCLUSION

Unfortunately, state and federal governments have failed to mitigate the systemic child care crisis that everyday Americans are currently grappling with. There are not enough programs or funding to fulfill the need and childcare has become a luxury in the United States. Unfortunately, there is no overnight fix. Mission-driven organizations that offer gap funding can help play a pivotal role in a child's development and economic security by providing additional funds for families in need and serve as the difference between them receiving fundamental care or being left behind.

⁹<https://www.kait8.com/2024/05/23/missouri-legislature-dismisses-childcare-tax-credits-boosts-subsidy-rates-budget/>

¹⁰<https://www.kansascity.com/news/state/missouri/article277849238.html#:~:text=Using%20these%20rankings%2C%20WalletHub%20calculated,in%20resources%20and%20economic%20support.>

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