

# Family Security

## Supporting Parents' Employment and Children's Development

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# FAMILY SECURITY

## Supporting Parents' Employment and Children's Development

Since the passage of welfare reform more than a decade ago, the new safety net's mainstay has been enabling parents to work. Today, 7 in 10 low-income families have at least one working parent (Golden et al. 2007). Yet, unless policymakers also help enable parents to care for their children and address their needs, work may seem like or be a losing proposition. While the competing priorities of family and work are front and center in the lives of parents, in the policy world issues of parental work and children's developmental needs are frequently in separate spheres. Too often, public discourse on how to encourage work among low-income families never touches on what growing children need to develop and succeed.

Below, we focus on the needs of children in low-income working families and put forth a new policy framework that integrates and supports work and children's development. Drawing on a vast literature on children's well-being and development, we assert that children have four key needs—stability, health, nurturing, and activity—that must inform any policy approach intended to support and encourage parental work. We also remind policymakers of research showing that disadvantaged children can benefit substantially from programs that address their development needs (Schweinhart et al. 2005; HHS 2002).

Low-income working parents struggle with the same challenges other working parents do but have far fewer resources, more vulnerabilities, and less flexible jobs. For example, for low-income working families, shift work and changing schedules make it harder to stabilize meal and bedtime routines. Lack of paid leave challenges parents to make and keep their children's regular doctor or dental visits. Parental work in the first months of a child's life may make it hard for a newborn to form critical attachments to a parent. Similarly, lack of workplace flexibility can keep parents from attending school events regularly and having more than perfunctory conversations with their children. And cash-strapped parents are hard pressed to pay for quality child care or camps, lessons, and social activities.

One in four children in low-income families have parents who work full time. Specifically, in 2007, 7.7 million low-income children lived in families where either a single parent worked full time or both parents in two-parent married families did. Some 1.1 million of these children were under age 3. Their parents work long and hard but still have little income or time to devote to their children. Many in lower-paying jobs do not have the

flexibility parents need to care for their children when they are first born or sick, much less meet the extraordinary demands of kids with disabilities or special needs.

To help low-income parents help their children, we propose a new policy framework—Family Security—that encourages and supports parents’ work but also promotes the healthy development of their children. Our plan reflects a growing concern among both children’s advocates and, more recently, economists about the need to invest in children. As Nobel Laureate James Heckman puts it, “investing in disadvantaged young children is a rare public policy initiative with no equity-efficiency tradeoff. It reduces the inequality associated with the accident of birth and at the same time raises the productivity of society at large” (Heckman and Masterov 2007, 2). Research by tax policy expert Gene Steuerle reveals that a mere 2.6 percent of GDP is spent on children, and that is expected to decrease further as entitlement programs grow. “As the kids’ share of the budget shrinks and we invest in them proportionately less,” says Steuerle, “how can we expect them later to earn the money to pay the taxes to cover our ballooning pile of retirement and health benefits?” (Steuerle 2007).

Various policy levers can be used to integrate an investment in children’s needs into policies that support parents’ work, each with unique benefits and tradeoffs. But if there are myriad “right” ways to meet this goal, the Family Security approach is cutting edge in its integrative and comprehensive approach. It also builds on the Framework for a New Safety Net for Low-Income Working Families, in which Urban Institute researchers identified the importance of strategies that both enable parents to combine work and child rearing and meet their children’s developmental needs (Golden et al. 2007).

As put forth below, our Family Security policy framework rests on a summary of children’s four key needs. Through this lens, we propose three policy options that allow parents to work and meet their children’s needs: making quality child care affordable, offering parental leave time to care for children, and providing low-income people with comprehensive family services. Some policies have double or triple, if indirect, dividends. For example, paid leave that allows parents to leave work to care for a sick child directly addresses the child’s health needs, but it also allows the parent to stay employed when illness strikes the family; in turn, that enables parents to keep paying rent or making mortgage payments and thus to spare the child potentially jarring moves. Such multi-impact policies create an environment in which parents can work and raise children who will thrive. That said, few policies are without drawbacks; we end by weighing our proposals’ pros and cons so policymakers can move forward without surprise setbacks.

## **Children’s Key Needs**

Children’s many needs vary by child and life stage, but some needs are particularly important to those in low-income working families. As noted above and described below, these are stability, health, nurturing, and activity. All four can be furthered by policy initiatives, as a rich body of literature (summarized in boxes here) makes clear.

### **Stability**

Children need consistent routines in eating and sleeping schedules, stable family structures, and continuity and security in child care, schooling, and housing. Creating stable routines can be challenging for parents working irregular schedules or nonstandard hours. And if income is sporadic, strapped parents find it hard to maintain stable housing for their children.

### **Health**

Children’s physical development depends on a healthy diet, sufficient sleep, regular doctor and dental visits, and health insurance. Low-income working families may not earn enough to offer their children healthy diets.

Parents who work atypical hours may not be there to get their kids to bed on time to get adequate sleep. And many low-income jobs do not provide health insurance coverage, which may make it difficult for parents to secure regular care. Accessing needed health care can be further complicated if a parent is not able to leave work to care for a sick child or take a child to the doctor.

### **Nurturing**

Children need to form healthy attachments with caregivers who have a constant presence in their lives. Particularly in the early years, consistent touch, eye contact, physical contact, and attentiveness to the child's needs are essential for successful cognitive and socioemotional development. Later, children continue to need safe attachments, affection, and interactions with adults to develop independence and healthy relationships. Low-income working parents may not be able to afford time off at the time of a birth to bond with their infants. Similarly, as children get older, low-income working parents may not have the flexibility to take time off for school plays, sporting events, or parent teacher conferences. In low-income working families where stress levels are high, parents may have difficulty consistently nurturing their children.

### **Activity**

Children need opportunities to engage with their peers. Toddlers and preschoolers benefit from structured play with other young children. Older children benefit from sports, lessons, and participation in clubs. Poor families likely cannot afford such activities for their children. High-quality child care settings are expensive, and lessons, clubs, and sports can be too. In addition, low-income families may live in neighborhoods with few opportunities for structured and engaging activities with peers.

### **Children's Need for Stability**

*Family Routines:* Consistent mealtimes and bedtimes can reinforce a child's internal biological clock and promote social and emotional development and school readiness (Halfon, Olsen, and Inkelas 2002; Young, Davis, and Schoen 1996). Children from low-income families are less likely to have and thus benefit from these regular routines (Child Trends DataBank, "Regular Bedtime and Mealtime," <http://www.childtrendsdatabank.org/indicators/91RegularBedtime.cfm>). For example, parents who work nonstandard hours, such as evenings or rotating shifts, are significantly less likely to eat dinner with their children (Presser 2003).

*Child Care:* Social and cognitive development are lower among children who experience multiple changes in arrangements than among children with stable arrangements (Hayes, Palmer, and Zaslow 1990; Howes, Hamilton, and Philipson 1998; Whitebrook, Philips, and Howes 1990). A qualitative study of low-wage working mothers' child care arrangements finds that the average primary care spells last about 7.5 months, and that almost 40 percent of primary care spells last only 0–3 months (Chaudry 2004).

*Family Structure:* Transitions in family structure can adversely affect child well-being (Cherlin and Fomby 2002).

*Housing:* Homeownership, one way to achieve greater stability, can play a positive role on children's lives. With a greater stake in the neighborhood, homeownership increases parents' motivation to monitor and supervise their children and participate in community activities (Austin and Baba 1990; Coleman 1988, 1990; Cox 1983; DiPasquale and Glaeser 1999; Haurin, Parcel, and Haurin 2002; Hoff and Sen 2005; Hunter 1975; Jeffers and Dobos 1984; Rohe and Stegman 1994; Rossi and Weber 1996; Verba, Scholzman, and Brady 1995). Homeownership also has been shown to improve parenting behaviors by lowering parental stress (Cairney and Boyle 2004) and by increasing parents' sense of efficacy, which in turn yields more supportive interactions (Balfour and Smith 1996; Rossi and Weber 1996).

### **Children's Need for Health**

*Healthy Diet:* Chronic undernutrition or vitamin deficiencies during the early years of a child's life can result in cognitive delays and reduced resistance to disease (Thompson 2001; Lozoff et al. 1998). In 2002, more than a quarter of low-income families with at least one full-time, full-year worker reported being "food insecure," meaning they either cut or skip meals because of lack of money, worried that food will run out before they get money to buy more, or ran out of food and did not have the money to get any more at any point in the prior 12 months (Acs and Loprest 2005).

*Sufficient Sleep:* Consistent bedtimes ensure that children are getting adequate rest (Coiro, Zill, and Bloom 1994) and can reduce sleep problems (Ramchandani et al. 2000), which in turn are related to academic success (Kahn et al. 1989). Children from low-income families are less likely to have the same bedtime every night than children from higher-income families (Child Trends DataBank, <http://www.childtrendsdatabank.org/indicators/91RegularBedtime.cfm>).

*Health Care Access and Availability:* Early diagnosis of disabilities, medical conditions, and special needs are critical as developmental and language delays are potential indicators of future learning and behavioral problems (Scarborough et al. 2004). Access to health care, however, is contingent on the availability of affordable employer-sponsored, other private, or public health insurance for both children and parents. For low-income working families, having full-time employment is not enough to ensure that parents and children have health care coverage. Children in low-income working families are less likely to have insurance than those in low-income nonworking families because much low-wage work does not provide employer coverage. Sixty-eight percent of uninsured children with family incomes below 200 percent of the federal poverty level lived in households with at least one full-time worker in 2004–05 (Robert Wood Johnson Foundation 2007).



### **Children’s Need for Nurturing**

*Healthy Attachment:* A sensitive and responsive caregiver is necessary for children to form secure attachments, which provide the trust and base from which children explore their environment (Schonkoff and Phillips 2000; Thompson 2001; Waldfogel 2006). Secure attachments are as necessary for child’s health as “vitamins and proteins” (Bowlby 1951) because they also make it easier for children to model healthy relationships and become more socially competent in developing their relationships (Waldfogel 2006). More securely attached infants and toddlers are more likely to be outgoing and develop social skills more easily (Schaffer 2002). In highly stressed or unstable environments, which can characterize the lives of many low-income working families, these fundamental attachments can be compromised as parents’ and caregivers’ time and energies may be overstretched.

*Interaction:* Parent-child interactions during the early and preschool years guide the emergence of many cornerstones of cognitive development and emotional understanding (Nelson 1996; Thompson 2000). Language development is contingent on sensitive, stimulating, and responsive engagement with adults, whether these adults are speaking, reading books, singing songs, playing word games, or any other verbal interactions (Snow 1972; Snow and Ferguson 1977; Waldfogel 2006). The amount and quality of language that children are exposed to by their parents or caregivers during their early years can affect the size of their vocabulary and their performance on assessments of their verbal and cognitive abilities when they reach school age (Hart and Risley 1995; Huttenlocher et al. 1991; McCartney 1984; NICHD Early Child Care Research Network 2000; Schonkoff and Phillips 2000; Waldfogel 2006). Family economic resources, in culmination with other characteristics of low-income working families such as limited English proficiency, time deficits due to long working hours, shift work or inflexible schedules, or lower-quality child care settings, can play a role on the quality of caregiver-child interactions, which in turn influence developmental outcomes and school readiness. Hart and Risley (2003) estimate that by the age of 4 there is a 30 million word deficit in the language experiences between children of higher and lower socioeconomic status, setting the stage for persistent achievement gaps.

### **Children’s Need for Activity**

*Opportunities for Play and Structured Activity:* Playing with peers provides an important context for practicing language, developing problem- and conflict-solving, and modeling adult behaviors, thus fostering cognitive, social, and emotional development (Fein 1986; Gleason, Sebanc, and Hartup 2000; Lillard 1993; Schaffer 2002). Toddlers and preschoolers in particular benefit from structured play with other young children, preparing them to engage with peers as they approach school age. By about 18 months, toddlers begin to display sociability in their interactions with peers, and their interactions with children their own age begin to take on a more coordinated, reciprocal, and complementary form (Schaffer 2002). Older children too benefit from participation in structured activities, such as clubs, performing arts, or sports (Lerner and Zarrett 2008). However, low-income communities significantly lack many institutional resources, such as fewer child-serving organizations and professionals (e.g., pediatricians and dentists), fewer books in libraries and homes, and less collective supervision and monitoring of children (Roth et al. 1998; Sampson and Laub 1997). The options for child care settings in low-income neighborhoods are often limited and lower quality than parents would prefer (Chaudry 2004). Older children from low-income families are also less likely to participate in extracurricular activities (Ehrle and Moore 1999).

## Family Security Policy Approach

The lens of children’s development reveals that policies that support parents’ work rarely take into account children’s needs for stability, activity, nurturing, and good health. And few policies to address children’s development acknowledge work demands on parents. In contrast, our *Family Security* policy approach does both through three types of policies:

- *Affordable Quality Child Care:* These policies address children’s need for quality care while their parents work. They build on currently debated proposals to guarantee child care assistance for all children in low-income working families and to address the need for after-school care. But, these policies also build on previous research to emphasize the need for more quality supports, linking child care to new and current efforts to boost children’s life chances (Adams and Rohacek 2002).
- *Parental Time to Care for Children:* These policies suggest ways to adapt the workplace so low-income working parents can meet children’s needs without jeopardizing their employment.
- *Comprehensive Family Supports:* These policies directly address children’s development through comprehensive programs for the neediest low-income working families. The aim is to provide the poorest families with coordinated developmental services that address children’s key needs—health, stability, nurturing, and activity—that few could otherwise afford.

**Family Security Approach**

*Affordable Quality Child Care*

1. Guaranteeing Child Care
2. Addressing Child Care Quality
3. Providing After-School Supports

*Parental Time to Care for Children*

1. Flexibility
2. Employer-Financed Paid Sick Leave
3. Employee-Financed Paid Family Leave

*Comprehensive Family Supports*

1. Fully Funding Head Start and Early Head Start
2. Designating Early Head Start as a Hub for Services
3. Strengthening Early Head Start Connections to Work Supports

### Affordable Quality Child Care

Affordable and high-quality child care allows parents to work. It should also help advance children’s development. If care is not available or affordable, many parents have to make do with piecemeal arrangements or switch care providers frequently—destabilizing their children’s lives. Or parents might be forced to choose care that is short term and less likely to advance children’s development (Chaudry 2004). Further, low-quality care can impair low-income children’s growth and development (Adams, Tout, and Zaslow 2007). Since children with working mothers average between 22 to 40 hours a week in child care not provided by their parents, improving the quality of care is essential to meeting children’s developmental needs (Smolensky and Goodman 2003).

#### *A Lack of Affordable Quality Child Care*

The government addresses child care affordability primarily through the Child Care and Development Fund (CCDF) and the child and dependent care tax credit (CDCTC). The CCDF subsidizes child care for low-income working parents. Under federal guidelines, states can set their income eligibility limits for federal funds at or below 85 percent of a state’s median income. Yet, most states set their cutoffs below this level (Schulman and Blank 2007); in practice, all states offer child care assistance to families at 100 percent of the federal poverty level, three-quarters offer it up to 150 percent of the poverty level, and one-third offer it to up

to 200 percent of the poverty level. Federal funding for child care through the CCDF and other federal funds<sup>1</sup> yielded nearly \$8.1 billion in federal funding for FY2006 (Schulman and Blank 2007). However, these expenditures are dwarfed by the need for such assistance. In 2000, the last year estimates were calculated, only 14 percent of children—about one in seven—federally eligible for a child care subsidy received a voucher (Mezey, Greenberg, and Schumacher 2002). Though not all eligible families need or want child care assistance, long waiting lists in many states point to unmet need (Adams and Rohacek 2002).

The CDCTC also provides financial supports to families for child and dependent services through the tax system. A nonrefundable credit ranges up to 35 percent on the first \$3,000 of expenses for one child or dependent, or \$6,000 for two or more children or dependents. The percentage drops as income rises, with most families receiving a credit worth 20 percent of their qualifying child care expenses. In FY 2006, the CDCTC cost the federal government about \$2.8 billion.

But many low-income families are outside of CDCTC's reach. Since it is not refundable, families that owe no income tax do not benefit from this tax provision. By Urban Institute estimates, in 2005, among single parents with two children, only those earning more than \$23,700 could receive the CDCTC credit (Burman, Maag, and Rohaly 2005). In addition, the child care expenses and the income phaseout limits are not indexed for inflation, so the credit's real value for all families is eroding. And, no families receive the maximum credit because of how the credit interacts with current tax rates and other tax provisions (Greenberg 2007).

The limitations of both the child care subsidy system and the CDCTC make affordable child care, especially licensed care, hard for many families to find. Data from a range of national samples show that low-income working families spend 16 to 20 percent of their earnings on child care, compared with 6 to 8 percent on average for all families with children (Giannarelli and Barsimantov 2000; Johnson 2005; NICHD 2000; Smith 2002).

The child care market also fails to provide consistently high-quality care, often missing an opportunity to further children's development. In fact, research shows that most child care in the United States is mediocre at best (Smolensky and Gootman 2003). And while high cost does not guarantee high quality, many determinants of quality care, such as low child-teacher ratios and well-trained teachers, are inherently costly. In fact, research suggests, low-income working parents, though paying a larger portion of their wages to cover child care than higher-earning families do (Giannarelli and Barsimantov 2000), are more likely to purchase lower-quality and less stable care (Chaudry 2004).

#### *Family Security Approach to Providing Affordable Quality Child Care*

The *Family Security* approach would provide good, affordable child care so parents can work without undermining their children's development. Our approach would accomplish the three goals that any new policy proposals in this area must meet. First is affordability for a much larger portion of families in the United States. Although all parents would pay something for care, low-income working families would have limited co-payments. Second is redress of the market failures that limit the quality of care that families can get through subsidies or the broader market. Third is federal provision of more and better coordinated after-school care.

**1. Guaranteeing child care.** States and the federal government would share the cost of ensuring that low-income working families have access to the care they need. One recent policy proposal put forward by Mark Greenberg of the Center for American Progress would replace the current child care and development block grant with a federal guarantee of assistance for all families who work at least 20 hours a week and have incomes below 200 percent of the federal poverty level. In our view, such support should aim to eventually reach working families with incomes below 250 percent of the poverty level as well, mainly because families with incomes between 200 and 250 percent of the poverty level still spend significantly higher shares of their income on child care than the average family (Johnson 2005).

Greenberg’s proposal would also institute a new co-payment system for families, requiring all to help pay for care. Families would pay 3 percent of their income below the poverty level and 10 percent of any income above it. Thus, those approaching 200 percent of the poverty level would have an average co-payment of 6.5 percent of income, about what higher-income families now pay for care (Greenberg 2007).

Urban Institute estimates on policy proposals that include a child care guarantee suggest that these changes could boost parents’ employment and thus reduce the number of children living in poverty (Giannarelli, Morton, and Wheaton 2007).<sup>2</sup> Presumably, increased access to affordable child care through a child care subsidy guarantee will encourage parents to enter the workforce and encourage those already there to work more hours, thereby increasing overall family income.

The proposed change to the child care subsidy system would cost an estimated \$18 billion a year beyond what government now spends. Currently, federal and state government share child care costs. If the cost sharing percentages remain the same, then new federal outlays would be approximately \$11 billion (Greenberg 2007). If all eligible families below 250 percent of the federal poverty level were covered, an additional \$3.9 billion—or \$2.2 billion in additional federal dollars—would be needed.<sup>3</sup>

To complement the child care guarantee, Greenberg and others would also change the child and dependent care tax credit. Whether the tax system is the best tool for the job depends on how policymakers interpret its shortcomings so far. Here, we simply recommend that policymakers consider altering the CDCTC to help alleviate the “cliff” effects of the guarantee and using the tax system to provide a progressively universal benefit to all families, especially those in the middle class who also struggle with child care expenses, to help alleviate the high costs of child care.

**2. Addressing child care quality.** Along with affordability, policymakers need to consider the other side of the coin: quality of care. Research shows that providers have a difficult time providing high-quality care mainly because care is labor intensive and licensed providers must often compete with the public school system to attract and retain qualified teachers. At the same time, parents, and especially low-income parents, have limited resources to pay for care.

To address child care quality and the failures of the child care market, subsidies for care should at a minimum afford recipients access to a broad range of providers at current market prices. Currently, states are required to survey the market to determine prevailing provider rates, but how often surveys must be conducted is not specified and nothing requires states to use current survey results to adjust reimbursement rates. Further, no federal guidelines ensure accurate and reliable surveys of provider rates. As a result, 42 states reimburse providers at rates well below current market prices, limiting low-income families’ access to many local providers (Schulman and Blank 2007). We suggest that states be required to conduct and implement annual market-rate surveys and that the federal government would review states’ survey methodologies to ensure that standard research protocols are followed before the survey would be considered valid.

States could use the subsidy system’s reimbursement rates to improve the quality of child care. As Greenberg and others have suggested, policymakers should consider adopting quality-ratings systems that provide child caregivers with reimbursement rates based on state-established quality benchmarks. We agree that this change would give parents better information on available care.

In fact, many states already tie subsidy reimbursements to some measure of quality, a practice called tiered reimbursements. These efforts encourage providers to improve quality in order to get a higher payment for caring for low-income children. Other promising models to improve quality include these three:

- As proposed by Greenberg, states could use quality-ratings systems and pay at least the 75th percentile within each band of the state’s rating system. As he explains, “a state with a four-star rating system would

need to have payments for four-star care that were high enough to pay for at least 75 percent of four-star care” (Greenberg 2007, 86).

- Pennsylvania, Iowa, and Maryland have used quality grants, bonuses, and awards to give providers incentive to move up a quality rating scale (National Child Care Information Center [NCCIC] 2006). This approach affords providers that lack the start-up funds to deliver high-quality services to get additional help covering quality-related costs (mostly pay qualified teachers) when parents cannot afford to pay higher rates.
- A few states have used their tax system, specifically expanding the CDCTC for families that use a child care provider who meets certain standards. None of these states use a quality rating system to incentivize the use of higher-quality care; instead, they rely on accreditation (as Vermont does) or a state-provided “quality certificate” (as Maine does). States could consider tying expanded CDCTC payments for low-income families to their quality rating system (Donahue and Campbell 2002; NCCIC 2006).

Other suggestions for improving child care services also deserve consideration. Currently, the CCDF mandates that states spend at least 4 percent of their child care dollars on quality-enhancing activities. In 2005, states spent slightly more than required, averaging about 6 percent (Matthews and Ewen 2006). But since expenditures of this magnitude have had little impact on the quality of care within the overall child care market, we recommend significantly increasing funding to support quality. One way to do this, proposed by Greenberg, is through a \$2 billion Early Care and Education Strategy Fund for states to expand the current allowable activities to address quality, “health and safety monitoring, consumer education, and resource and referral activities.” Such a fund could also be tapped to expand the supply of care and better compensate teachers. As Greenberg notes, pressing needs are for better coordination among state pre-kindergarten programs and child care and for a larger statewide strategic plan to improve program quality for all families and coordinate all early childhood programs (Greenberg 2007). An alternative approach would be to raise the percentage of federal funding set aside for improving quality.

A final way to improve quality of care is through the administration of the child care subsidy system. Many states currently limit or cut child care assistance if parents’ work hours are reduced or if a parent loses a job. But since disruptions in work schedules and even job loss are common in low-income families, ending a child care arrangement every time parents’ work situations change usually works against children’s need for stability and adults they can count on. Meanwhile, parents must find a new job without any child care support, and the administrative burden on the subsidy system of tracking parents’ work (sometimes down to the hour) and monitoring eligibility creates extensive bureaucratic and administrative costs. Therefore, we propose that federal policy allow child care subsidies to continue during decreases in work hours and spells of unemployment. Specifically, we recommend that once a family is certified for child care assistance, their children remain eligible for services for up to three months, regardless of the parents’ work status or earnings.

**3. Providing after-school supports.** Access to quality affordable school-based care for older children is also a critical piece of the child care puzzle. In recent years, states have spent increasing amounts of their own funds on quality preschool programs—a critical investment that should be encouraged, along with work to integrate these initiatives with other child care services. But since access to our nation’s after-school programs is still woefully inadequate, we propose expanding the 21st Century Community Learning Programs Fund. This federal funding stream provides resources for after-school programs, typically in schools. An expanded investment would reap the benefits of quality after-school services while reducing child care subsidy costs as communities build an infrastructure for after-school services targeted to high-poverty communities and low-performing schools. We recommend fully funding this program at the level authorized in the No Child Left Behind Act of \$2.5 billion. This represents an increase of \$1.42 billion over current funding levels.

## Parental Time to Care for Children

Child care allows parents to work and their children to grow and develop while their parents work. But, at times—at the beginning of life when bonding is critical or during illness—what is best for children is to be with their parents. Workplace flexibility and paid time off can be vital to addressing children’s needs without penalizing parents for doing their duty.

### *A Lack of Parental Time to Care for Children*

For many working families, and especially for low-income parents, time with children typically comes at a cost. For example, 49 percent of all workers and 77 percent of those in the bottom income quartile do not have paid sick leave (Lovell 2004). Since most schools and child care facilities do not allow a child with a fever to come or stay, parents may have to leave their jobs unexpectedly to care for a child. And this can happen frequently. School-age children miss, on average, three days from school a year due to illness or injury, and low- and middle-income children are more likely than kids from better-off families to be sick (Glass and Estes 1997).

So, for many low-income families, a sick child can mean a day of lost wages, at best. For others, unscheduled absences, even for their own illness or a sick child, can mean job loss. A recent national poll found that nearly one in eight voters said they or an adult worker in their family had been fired or penalized for taking time off work to care for themselves or a sick family member.<sup>4</sup> Thus, as recent research suggests, low-income workers are significantly more likely than higher-income workers to get fired for unscheduled absences (Bond and Galinsky 2006).

Besides lacking paid time off, low-income families seldom have flexible work options (Bond and Galinsky 2006). While some parents can squeeze in a doctor’s visit and arrive to work late, or alter their regular hours to accommodate a parent-teacher conference or drop their children off at a child care center, low-income parents are more likely to face rigid work schedules and to have little control over their work schedules. Only 32 percent of low-income families can choose their starting and quitting times, while 62 percent of higher-income families have this option (Heymann 2000). Similarly, only 62 percent of low-income families can decide when to take a break at work, compared with 86 percent of higher-income families (Heymann 2000).

Finally, the birth or adoption of a new child presents a critical moment when children need parental care. At these times, parents may need longer periods away from work to give their babies the demonstrated benefits of a solid bond to their parents. As research findings also suggest, full-time maternal employment during the first year of life may have negative consequences for children’s development (Brooks-Gunn, Han, and Waldfogel 2002; Hoffman and Youngblade 1999; Waldfogel, Han, and Brooks-Gunn 2002). As data from the National Longitudinal Survey of Youth show, links between a mother’s returning to work within 12 weeks of having a child (especially returning full time) and the health and developmental outcomes for her children are negative. Conversely, children are more likely to make their well-baby doctor’s visits, receive their immunizations, and be breastfed and breastfed longer when mothers delay their return to work (Berger, Hill, and Waldfogel 2005).

Yet, too few parents get enough time off from work to bond with their children at birth or during adoption. Nationally, less than 5 percent of private-sector workers have access to paid parental leave at the time of a birth or adoption (Smolensky and Gootman 2003). Most of the lucky few who get this benefit either receive paid leave through their employer or live in California (the only state that currently provides a paid leave benefit, as described below), or reside in states where recovery from birth is included in their temporary disability programs (Smolensky and Gootman 2003).<sup>5</sup> However, employer policies and supports through state disability insurance programs are both limited in the number of working parents who have access to paid family leave.

### *Family Security Approach to Providing Parental Time to Care for Children*

The *Family Security* approach would help parents balance the demands of work and caregiving when they need to be away from work to address their children's needs. We suggest three key supports to address parents' need for time to care: flexible work, employer-financed paid sick leave, and employee-financed paid family leave.

**1. Flexible work.** The federal government is well suited to address the tension that erupts when family needs butt up against workplace demands. As proposed in 2004 by the New America Foundation, we support the federal government spearheading a national public awareness campaign around flexible work. Research makes it clear that working flexibly is not only good for parents, but also good for business and national productivity (Kornbluh 2004).

There are numerous ways to make parents' work more flexible. First, parents can be given some say in determining which hours they work, when they start and stop working each day, and whether their current regimen needs to be adjusted. They might also be allowed to change the number of hours they work, with only minimal penalties for cutting back. Where parents work might also be negotiable, creating for some the options of working off site, perhaps at home. And parents might have more latitude in taking time off, for both shorter and longer terms, depending on their needs.<sup>6</sup>

A federally led public awareness campaign could help Americans recognize the benefits to both workers and employers of these flexible work options. Taking the lead from a successful initiative funded by the Alfred P. Sloan Foundation, the federal government could provide awards for innovative and replicable business practices, especially for low-wage workers and occupations. Further, federal, state, and local governments could model best practices, testing innovative workplace policies and evaluating their effects.

All these efforts will help build a national dialogue on the need for better working conditions for workers, especially working parents. But, ultimately, the decisions to provide flexible work hinge on the relationship between employer and employee. One promising way to foster and build workplace flexibility into this relationship is to enact a "right-to-request" flexible work schedules law, resembling similar legislation implemented in 2003 in the United Kingdom. Recently, an American version of this legislation was introduced in the U.S. Congress. Called the Working Families Flexibility Act (S. 2419, H.R. 4301), this bill would allow any employee working for a business with 15 or more employees to request a change in hours, schedule, or work location and would require the employer and employee to negotiate a solution that meets the worker's needs without unduly disrupting the business. Employers can deny an employee's request for flexible work but must provide a reason, which can include "the cost of the change, costs of lost productivity, overall financial resources involved, the effect of the change on the employer's ability to meet customer demand, or other factors specified in regulation."

Like the U.K. law, the proposed U.S. bill provides a "light-touch" on enforcement, granting employees up to \$5,000 if they prove that the employer resists recognizing or denies the employee's right to request the flexible work arrangement. The U.K. experience makes it clear that the threat of financial loss is not employers' main concern and that employers and employees can together quickly develop new ways of working that benefit workers without significant harm to a business's bottom line. One survey conducted over the first 21 months of the law's enactment in the United Kingdom found that 81 percent of employees who made flexibility requests had their request fully or partially granted and only 420 claims nationwide were filed to the employer tribunal, the program's claims-arbitration council (Georgetown Federal Legislation Clinic 2007).

**2. Employer-financed paid sick leave.** Workers, especially parents, need some days that they can take off without fear of losing their job or pay. Similar to current legislation pending in Congress, the federal legislation we recommend would provide at least seven days of paid sick leave annually for every worker with at least a 20-hour work week.

To date, only one locality (San Francisco, California) requires employers to provide paid sick leave.<sup>7</sup> As of February 2007, the Paid Sick Days Ordinance provides up to nine days of paid sick leave annually (five days maximum for employers with fewer than 10 employees) for full-time workers; part-time workers earn one hour of leave for every 30 hours worked. These benefits accrue for all workers in San Francisco, regardless of the number of hours worked or the size of the employer.<sup>8</sup> The pending federal legislation is similar but covers only employers with 15 or more employees working for 20 or more weeks a year. Further, the federal bill proposes seven sick days a year for workers who work 30 or more hours a week and a prorated amount for those workers who put in fewer than 30 hours, but more than 20 hours, each week.

Though enacting a new labor standard has its drawbacks, we believe that requiring employers to cover the cost of seven days of sick leave is the most efficient way to finance paid sick leave for employees. Since the leave we propose is seven days, it represents only a fraction of employers' overall labor costs. For example, for a full-time worker, seven days amount to less than a 3 percent increase in payroll costs for that employee. And for employers that already provide some paid time off to at least some workers, the increase would be smaller still. In addition, some studies suggest that paid sick leave may save employers money in the long run, largely by reducing employee turnover, decreasing "presenteeism" (or coming to work sick), and boosting worker productivity (Hartmann 2007).

Since only one jurisdiction has passed mandated sick leave standards so far and that law is relatively new, it is too soon to know how American employers will respond to a paid sick leave labor standard. But, most research on other employer mandates shows that employers tend to pass the costs of the mandate on to their employees, to consumers, or both (Summers 1989; Mitchell 1990). Most likely, employers will adjust employee wages to cover sick-day costs. For low-income families, this downward adjustment may be a significant loss, given that their wages are already low. However, if wage rates were based on minimum and living wages laws, as they are in San Francisco, at least some workers would not see a wage cut. More likely, wage increases would stagnate for low-income workers as employers adjusted to the additional labor costs. But larger market forces may also keep wages from rising, and since so many low-income workers have no paid time off, enacting this benefit would provide some support to employees who lack both time and money.

Of course, this policy might prompt some employers to hire fewer employees. Additionally, if the fixed costs spread among all workers are significant, some might be less inclined to hire part-timers. But, again, given that the costs associated with paying seven days of sick leave are anticipated to be modest, the disincentive to hire more or part-time workers would not have huge impacts.

Finally, employers concerned about paid sick days note the technical and logistical problems for the growing number of companies that offer consolidated paid leave to their employees (Hartmann 2007). We also know from anecdotes that employers in San Francisco have struggled to establish the proper accounting systems to track employee leave time (Levitt 2008). To be sure, such implementation issues need to be addressed. Overall, this new labor standard would have to be carefully crafted to spare employers inordinate burdens while guaranteeing employees paid time off.

**3. Employee-financed paid family leave.** To ensure that parents have the time and resources needed to provide a stable and nurturing home for their young children, the *Family Security* plan would encourage states to establish paid parental leave programs.

Low-income working parents need some financial security to nurture and bond with their newborn or to care for a child during a long-term illness. And, as the literature cited above attests, healthy child development depends on this care and nurturing. Accordingly, we recommend providing a system of paid family leave for eligible workers that provides at least two months of paid parental leave over a 12-month period. We propose a state fund composed of employee contributions that reimburses parents a minimum of 55 percent of their wages to help them afford the time to bond with a new child. This policy would set a floor of minimum leave



available, with longer paid leave periods potentially achievable if other federal or state resources became available.

This policy approach would be modeled partly after California's Paid Family Leave (PFL) program implemented in July 2004. The California policy compensates individuals who take time off work to bond with a new minor child, supplementing the time women recovering from pregnancy and delivery can get through the state Temporary Disability Insurance program.<sup>9</sup> All workers, male and female, who pay into the existing State Disability Insurance (SDI) system qualify for the paid family leave program. Benefits are capped at \$882 a week in 2007 and the taxable wage ceiling is set at approximately \$83,000.<sup>10</sup> A worker need not have worked a minimum number of hours or days at a certain employer to qualify. Eligibility is based on earnings in the base periods, which include wages earned over 12 months from approximately 5 to 17 months before the beginning of the paid family leave claim.<sup>11</sup>

We recommend that states employ a financing structure similar to that used in California, where employees contribute to cover all family leave expenditures.<sup>12</sup> On average, employees in California paid an additional \$0.56 per week in payroll taxes in 2006 to ensure that they have family leave when they need it (authors' tabulation of data from Employment Development Department 2008). That same year, California paid out \$367,900,000 in PFL benefits, covering 160,705 claims and an average weekly benefit of \$436.

We recognize that we are recommending a mandate on states to implement and administer this new policy. Thus, we suggest that federal policymakers consider making an initial investment to help states set up a paid family leave benefits system.

### **Comprehensive Family Supports**

While flexible work and rich child care environments are key to meeting families' needs, services that directly enhance the family environment and promote child development can be critical in some families, especially those with young children. Sometimes parents need help creating family environments that answer children's needs for stability, health, nurturing, and activity. Developmental services that support parents and children are one way to comprehensively address families' needs. These services help parents nurture their children and provide stable environments. They offer children opportunities for structured play and social activity with their peers, and they can help ensure that children are fully immunized, have a proper diet, and get assessed for developmental delays.

#### *Lack of Comprehensive Family Supports*

While several federal programs address aspects of children's development, two in particular coordinate a range of services to help families and influence a broad array of young children's developmental needs—namely, Head Start and Early Head Start. Both are administered by the Department of Health and Human Services (HHS). Head Start (HS), established in 1965, provides a comprehensive, center-based child-development program to economically disadvantaged preschoolers. The program promotes school readiness by providing educational, health, nutritional, social, and other services to children and their families.<sup>13</sup>

Similarly, the Early Head Start (EHS) program, established in 1994 as the importance of the early years in shaping children's life trajectories became evident, provides comprehensive and intensive services to poor families with children under age 3. The program engages families early in the child's life—often prenatally—and offers services continually until the child is 4. EHS represents a flexible model for providing services: sometimes services are offered in centers and sometimes through visits to families' homes, while some programs combine approaches.

Both programs engage parents in their child's development. EHS helps parents of very young children provide consistent nurturing. HS actively engages parents in their children's learning and even in the

programs' administration. Both programs provide safe and stimulating activities to enhance children's development and educate parents on how to provide these at home.

One unique aspect of the two programs is that they broker multiple services to meet the families' needs. Programs assess families and refer children and parents to more intensive help if needed, such as health, mental health, work support, disability, or substance abuse services.

These programs also offer the child and family a steady source of support, which can help stabilize a child's life. By offering consistent care as employment, family structure, or child care arrangements change, the programs can supply one anchoring relationship for the child when others cannot.

Evaluations of these programs are very encouraging. The EHS model, rigorously evaluated, is demonstrably effective in enhancing parenting and improving development outcomes for low-income children (HHS 2002). The Head Start Impact Study revealed that participating preschoolers made gains in pre-reading, pre-writing, vocabulary, and parent-reported literacy skills (HHS 2005). The program also aids children's health: children in HS receive more health care screenings and dental examinations than do their peers outside the program (Hale, Seitz, and Zigler 1990).

These programs might also produce lasting, long-term gains for the children they serve. Children who receive Head Start are significantly more likely to complete high school and attend college and less likely to be charged with a crime than siblings who did not get Head Start services (Garces, Thomas, and Currie 2002). Similarly, a study following children 40 years after receiving the comprehensive Perry Preschool intervention found that these adults had dramatically lower rates of arrests, earned higher salaries, and were more likely to have graduated from high school than their control group counterparts (Schweinhart et al. 2005).

Despite these programs' many documented benefits, relatively small portions of eligible children receive these services. Both programs aim to help the lowest income families. Until very recently, that meant those at or below the federal poverty level. The 2007 reauthorization of Head Start put programs at liberty to serve children up to 130 percent of the poverty level if programs had the capacity and desire. Yet, if the number of children under the poverty level is considered the potential eligible population, only about half of HS-eligible children take part, and less than 3 percent of children eligible for EHS receive services (Schumacher and DiLauro 2008). While some parents may not want these services, waiting lists for the programs suggest that the low take-up is more likely due to inadequate funding.

#### *Family Security Approach*

The *Family Security* approach suggests three changes to current HS/EHS policy to continue to support the developmental needs of disadvantaged children while accommodating the needs of working families: fully funding HS/EHS programs, designating EHS as a hub for services, and strengthening EHS connections to work supports.

**1. Fully funding HS/EHS programs.** To better serve the neediest low-income working families, who may lack any other access to developmental and family-support services, we recommend fully funding HS services for families with incomes below the federal poverty level. We estimate the cost for fiscal year 2009 to be \$13.4 billion in additional funding, on top of the fiscal year 2008 funding of \$6.88 billion.<sup>14</sup> Given the 2007 reauthorization legislation that requires a portion of HS funding be used for EHS slots, this policy would also increase the number of EHS slots by 330,000, bringing the percentage of eligible infants and toddlers served from 3 to 15 percent.

**2. Designating EHS as a hub for services.** The *Family Security* approach proposes further expanding EHS' coordination functions by designating EHS programs as hubs for coordinating developmental services for impoverished children under age 3. We emphasize services to the youngest children given the fragmented nature of programs for babies and toddlers in most communities. As noted above, one unique feature of EHS

programs is that qualified professionals assess children and families to determine their specific needs and then refer them to other supports and services in the community. Thus, these programs would be the logical hubs for other programs serving young children, including child care subsidies, TANF, WIC, Part B and C Intervention programs, state Maternal and Child Health programs, home-visiting programs, and mental health service programs for parents and children. As the coordinating hub, we recommend EHS also encourage the programs to support working families by ensuring that provided services can be accessed in nonstandard hours to fit with families' work schedules.

The estimated cost of expanding this function in EHS would be about \$200 million.<sup>15</sup> We also recommend that EHS programs be allowed to use coordination funds in the ways that best fulfill these new functions, whether spending them on a staff person, organizing committee, or liaison functions.

**3. Strengthening connections to child care subsidy system and work supports.** Finally, to help bridge child care supports and children's comprehensive programs, *Family Security* also provides funding to blend the two. Precisely how to bridge or blend child care and child development services is challenging and critical. Today, much of our nation's child care for low-income families is provided and administered through the CCDF funding mechanism, but in recent years states have also started providing quality preschool services to low-income 3- and 4-year-olds (Barnett et al. 2007). And HS and EHS services are a separate and separately funded system. We suggest that the federal government link these systems in ways that leverage each program's strengths, coordinate service when possible, and address the needs of children in low-income working families. Some states have already modeled such partnerships (Schumacher and DiLauro 2008). For example, Kansas and Maryland deliver EHS services in child care settings by facilitating EHS-child care partnerships.

We suggest a dedicated Comprehensive Early Childhood Bridge Fund of \$1 billion a year to allow states to deliver high-quality comprehensive services to children age 0 to 5 within the child care subsidy system, primarily through contracts with their child care provider. This fund could be appropriated through the Child Care and Development Fund, the Head Start authorization, or through stand-alone legislation. However it is appropriated, this fund would provide children (age 0–5) of low-income working parents with a range of high-quality child care services and other developmental supports. We target this age group because clear and consistent research shows the importance of high-quality care for very young children.

To receive federal funds, states would have to specify how they would target contracts to child care programs and what benchmarks for quality and comprehensive services programs they would use. States' applications for the federal funds would be judged on how closely program standards aligned with Early Head Start or Head Start, though children targeted for these supports who live in higher-income households might not need the same level of service that those in poorer households do. States would be required to outline how they would make sure that children got the right types and levels of service delivery and how they would leverage current services and avoid duplicating services. For example, states could present a plan for high-quality care that met parents' work needs and coordinated developmental supports linked to Early Head Start or Head Start programs. In this scenario, HS/EHS programs could receive a contract to bring comprehensive services and supports to a broader group of children and families accessed through homes or centers that serve children who receive child care subsidies. Alternatively, states could design a program for children age 0–3 that builds coordinated developmental services into child care facilities in communities not currently served by an Early Head Start program. In this model, child care facilities would receive a contract to increase their service quality and to expand services to include comprehensive customized supports to families, similar to services delivered in an Early Head Start program.

The federal government would select states to develop these Bridge Fund demonstration programs with the goal of informing the early childhood field and highlighting promising practices in bridging child care and child developmental supports for young children. Federal funding would also be set aside to evaluate the

programs' effectiveness in leveraging current community resources to prepare children for school and meet working parents' need for care.

## Conclusion

The policies of the *Family Security* approach represent one way to help parents better juggle work and family responsibilities while furthering children's development. Below, we consider some of the benefits and challenges in these policy proposals.

A single advantage of our approach is that every sector of society is expected to contribute to advancing families and investing in our nation's next generation. Parents are required to work, using their skills and productivity to keep our economy growing. Government repairs parts of the work support system that are currently failing families and children by investing more in a high-quality child-care system that parents and employers can rely on, additional after-school programs, and Head Start and Early Head Start. And employers start a dialogue with their employees on new ways to work and make modest investments in paid sick leave so employees can care for themselves or their family members when illness strikes. We also assume that our proposed new labor standard will be more palatable to employers if, as Urban Institute colleagues propose, a new health care system (<http://www.urban.org/url.cfm?ID=411714>) obviates a significant portion of the rising health expenses that employers now shoulder.

Besides spreading responsibility among all who stand to benefit—except for the children themselves—our proposals help leverage current programs and resources, many with different goals and targeted constituencies. We connect traditionally disconnected policies, integrating those focused on parents' work with those focused on children's development. We emphasize “family” security rather than parent or child security in the hope that it blends a focus on parents' needs with those of children, rather than thinking of them distinctly. Finally, we try to bridge child care as a work support and child care in support of child development. Despite research that shows a need for such bridge-building, policy conversations about both work and family have remained fragmented. We believe that low-income working families will fare better if policy analysts think more creatively and comprehensively about how to meet both parents' and children's needs.

These policy ideas also combine federal- and state-level policy initiatives to capitalize on their respective strengths in improving the lives of children and families. We put forward a national paid sick leave proposal, for example, because labor standards that vary by city or state create competitive disadvantages for companies and skew labor markets in ways that hurt business and employees. And we suggest more federal funding for and state experimentation on programs to address children's developmental needs because some ways of integrating our current systems of support for young children may work better in some settings than others.

The most obvious challenge to the *Family Security* approach is the price tag. These policies require a substantial federal investment in children. Yet recent research suggests federal spending on children is shrinking, and this trend is likely to continue: “without a significant realignment of national priorities or changes in fiscal circumstances, spending on children's programs will continue to lose ground relative to other national priorities” (Carasso et al. forthcoming). *Family Security* provides a framework for realigning national priorities to greater emphasize investing in families. And according to a growing literature on the value of investing in children, the return on this investment would almost certainly justify it.

## NOTES

<sup>1</sup> The federal government allows states to transfer up to 30 percent of the state's TANF allotment to their child care subsidy program. In addition, states can spend TANF funds directly on child care. In 2006, \$3.12 billion in federal TANF funds (both direct expenditures and transfer funds) went to child care expenditures.

<sup>2</sup> Specifically, the Urban Institute finds that expanding child care subsidies and enacting several changes to the CDCTC would increase employment rates by 8 percent for unmarried parents and 3 percent for married parents with employed spouses. These policy strategies would also reduce the number of children in poverty, by as much as 14.5 percent according to some estimates, and would provide significant benefits for families with incomes above the poverty level. The model does not include estimates or effects of increased work hours from parents already in the workforce.

<sup>3</sup> Authors' calculations based on family demographic data from the 2004 Current Population Survey and using Greenberg's methodology of cost estimates but covering all families below 250% of the federal poverty level.

<sup>4</sup> Lake Research Partners designed and administered this survey, which reached 1,200 likely voters nationwide via phone between June 20 and 27, 2007. The margin of error for the sample is  $\pm 2.8\%$ .

<sup>5</sup> Mothers in California, New Jersey, New York, Hawaii, Rhode Island, and Puerto Rico are paid a portion of their wages for about 6–8 weeks following the birth of a child. These benefits usually do not extend to adoptions nor do they include fathers in the benefit.

<sup>6</sup> See “Workplace Flexibility 2010: Flexible Work Arrangements,” <http://www.law.georgetown.edu/workplaceflexibility2010/definition/fwa.cfm>.

<sup>7</sup> On March 4, 2008, the Washington, D.C., City Council passed a paid sick leave bill. The legislation is currently pending congressional approval.

<sup>8</sup> The Paid Sick Days Ordinance, Section 12W of the San Francisco Administrative Code.

<sup>9</sup> The policy also covers time off to care for a seriously ill child, spouse, parent, or domestic partner.

<sup>10</sup> Paid Family Leave California, “California Paid Family Leave: 10 Facts about the Law,” <http://www.paidfamilyleave.org/law.html>.

<sup>11</sup> Paid Family Leave California, “California Paid Family Leave: Eligibility and Benefits,” <http://www.paidfamilyleave.org/eligibility.html>.

<sup>12</sup> California Employment Development Department, “FAQs for Paid Family Leave,” [http://www.edd.ca.gov/Disability/FAQs\\_for\\_Paid\\_Family\\_Leave.htm](http://www.edd.ca.gov/Disability/FAQs_for_Paid_Family_Leave.htm).

<sup>13</sup> U.S. Department of Health and Human Services, Administration for Children and Families, “Office of Head Start,” <http://www.acf.hhs.gov/programs/ohs/>.

<sup>14</sup> Unpublished estimates provided by Karen Schulman at the National Women's Law Center (NWLC), March 27, 2008. The estimate assumes a cost of living increase of 3.2 percent (CBO's estimate for CPI for FY 2008), and defines full funding as 80 percent of 3-

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and 4-year-olds with family incomes below the poverty level. These estimates may be subject to change as NWLC continues to refine its estimation formulas based on the Head Start reauthorization provisions.

<sup>15</sup> We estimate costs based on adding one staff person per program at a yearly salary of \$40,000 to fulfill this role. We calculate the total number of programs based on approximate current enrollment plus the additional 330,000 new slots.

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