

Failures of the Child Care Market Through the Multiple Lenses of Traditional and Feminist Economic Critique

By Kristen E. Darling *

This paper examines multiple market failures of the child care sector and cites failures of traditional economic models in assessing the situation. An introduction to the basic features of child care prefaces discussion of the under-provision of affordable, quality child care. Economic forces within the child care market are often based upon inaccurate market signals. This includes supply side fallacies about shortages of care, characteristics of consumer demand and market imperfections leading to failure. On the supply side, parents' unwillingness to pay for high-quality care indicates the strength of consumers' preferences, not a shortage of high-quality care options. On the demand side, parents lack adequate information about the characteristics of high-quality child care that promote optimal child development and thus such care is under-demanded. Distributional concerns over the true cost of high-quality care and parents' ability to pay incorporates a discussion of child care worker wages and child care program characteristics.

Feminist contributions to economic theory are correlated to features of market failure within the context of the child care industry. These include undervaluing care provision, gender bias in second wage earners' salaries, cost-imbalance with respect to child care as a proportion of income, and low wages for gendered work in fields such as child care. Feminist neoclassical economic theory must work to collaborate to resolve the discrepancies in analysis and policy interventions.

Policy alternatives and solutions are presented. Currently, tax credits, cash subsidy and child care vouchers are offered to help families afford the cost of care. Research argues that these are not ideal solutions and suggests that, alternatively, efforts should be focused on remedying the lack of information about the importance of quality child care. While total market reliance in the child care sector is unrealistic, putting powerful information about the returns on investments in quality child care in the hands of consumers (parents) is a more viable means of improving market conditions. This will lead to more productive discussions about the need for and appropriate amount of public intervention.

* Kristen Darling grew up in Massachusetts and, after attaining a Bachelor of Science in Education in 1991, spent thirteen years working in Hawaii as a teacher and advocate for child and family issues. She moved to Washington D.C. in 2005 to complete her Master's in Public Policy at American University and expects to focus her career on child-care and poverty research.

INTRODUCTION

Women's average labor force participation has increased from one-third in 1950 to nearly one-half in the early twenty-first century. The U.S. Department of Labor Bureau of Labor Statistics reports that by 2008 the expected share of the labor force held by women will rise to nearly equal that of men – 48 percent compared to 52 percent. Currently, for women aged 25-55, over 75 percent of women work. With such high proportions of women employed outside the home, the antiquated model of the family – with the male worker as the breadwinner and the female primarily responsible for the home and children – is undergoing metamorphosis.

With these changes in family and work dynamics, there exists an increased demand for child care serving pre-primary school age children. As women's earning potential, meshed with the cost of living, increases, families find a compelling motivation during their children's youngest years to pay for substitutes for parental-care. This is true to the extent that earnings exceed child care costs. For single mothers, little choice remains – they must work and therefore depend upon child care services. However, many low- to moderate-wage workers have a difficult time affording child care on top of basic household expenses. The following paper addresses this questionable balance of child care options and the price of care. In examining the child care market, multiple market failures within the child care sector exist.

In 2002, sixty-three percent of children under age five were in some type of regular child care arrangement (Overturf Johnson, 2002). Parents face an array of choices among child care scenarios. Some of the care options include:

- Care provided by a family member, such as an aunt or grandmother, in the child's home or the extended family member's home
- In-home care provided by a non-family member, such as a nanny or au pair
- Out-of-home care provided in someone else's home by a non-family member, usually referred to as Family Child Care
- Out of home care provided in a child care center, a building devoted solely to the care of children (Note: Within the realm of child care centers, many variations also exist. Overturf Johnson (2002) delineates the following sub-categories: day care center; nursery or preschool; Head Start/school. These different care settings often correlate to differences in quality and/or amount of educational content provided during care.)

Among these choices, other factors also vary greatly. The number of hours care is offered, the time of day it is offered and the price for which care is offered extend over a broad range. Characteristics of the care setting such as adult:child ratio and type of activities provided for the children are also inconsistent throughout the child care sector. Parents have the dual challenge of not only having to learn where to find care options, but also assessing these program variables in the context of their care needs.

Beyond the quantifiable match of hours of care-needed to hours-offered by a child care provider, immediacy of availability of care, or the price of care relative to the family budget, more subjective factors come into play as well,

such as the child's temperament or presence of special needs and the care provider's ability to meet those needs. Differences also abound based on the age of the child, with infant care needs being distinct from those of a toddler or preschool age child.

These considerations highlight important distinctions between dimensions of good, mediocre or bad care, or what is often termed low-quality care, custodial care or, the preferable alternative, high-quality care. Because quality of care directly impacts children's developmental outcomes and is a predictor of future achievement (Vandell and Wolfe, 2000), the child care sector is often criticized for high rates of low-quality care that compromises children's development. Blau, Ferber and Winkler (1998) report that "finding affordable, quality [child] care is crucial if both parents are to be able to perform paid work outside the home without penalizing their children. In fact a substantial fraction of working parents face this problem very shortly after their child's birth because as many as one-half of all previously employed mothers return to work within four months of the birth of a child." (p. 326) Parents are often considered suspect for using – or in economic terms, establishing demand for – low-quality care.

The child care market can be assessed using a traditional economic model based on supply and demand. However, Beneria's feminist perspectives (2003) have "facilitated the formulation of new questions about the discourse of economics and its androcentric biases, raising new and fundamental questions about its nature and basic assumptions." (p.41) These views warrant consideration and are woven into the content of this paper, through exploration of aspects of child care market failure that perpetuate this cycle and the inherent biases in neo-classical economic models applied to child care.

CHILD CARE MARKET FAILURES: TRADITIONAL AND FEMINIST ECONOMIC CRITIQUE

The child care market serves both public and private needs. Child care functions as a private good by allowing parents the opportunity to go to work and, if good quality child care is utilized, by increasing worker productivity that accompanies the parent's peace of mind. This in turn benefits employers by increasing their available pool of workers and giving them a greater range of human and intellectual capital through inclusion of more women in the workforce.

High-quality child care benefits the public by helping prepare children for school as well as providing an investment in the development of the future society and workforce. According to England and Folbre (2003), "economists have devoted little attention to social (as opposed to physical) externalities, but a range of evidence suggests that care produces outcomes that have the 'non-excludability' aspect of public goods – that is, once produced there is no way to get people to pay the producer for them." (p.70) However, due to restricted access, child care is not a pure public good. Not everyone has equal access to their preferred child care options. More accurately, child care has 'merit good' status which has led to an underinvestment in the sector.

Merit goods are goods that, when provided by the market, are under-consumed because people only consider how the good benefits them as individuals, failing to take into account how consumption generates benefits for others in society. Economic theory from the feminist branch of thinking buttresses this assumption regarding positive social externalities. This school of thought exposes the reality that the founding economic principle of rational economic

man "maximizes a utility function that does not include any consideration of other people's welfare, especially those outside his immediate family." (Folbre, 2003, p.214)

Consistent with this claim, child care market outcomes often vary from predicted patterns of market behavior. Nelson (2003) explains that "standard concepts of market imperfection can be used to bolster the argument that the demand curve is currently in the wrong place and should be shifted outwards." (p.139) Much of the discourse revolves around parental preferences for varying levels of quality in child care as indicated by their willingness or ability to pay. High quality care is expensive and all families – especially low-income families – can end up spending a large portion of their net income on child-care. Warner, et.al. (2004) discuss how this lack of purchasing power sends market signals that discourage higher quality. (p.4) Further, child care differs from regular market goods in its multi-faceted consumer base. Helburn & Bergmann (2002) elaborate that "efficient market allocation requires users of a product to act in their own best interests in making consumer purchases." (p. 161) However, children are unable to articulate their preferences and must rely on a secondary party to make decisions for them. With child-care, children are the direct consumers while parents actually purchase the care.

In theory, a competitive economic equilibrium is struck as child care providers determine the quality of care they will provide and in turn determine the price they can charge for this care. Consumers then determine the price of care they will pay for and the level of quality correlated with that price. Equilibrium points vary significantly across locations with different market conditions, such as the cost of living and the related socio-economic profile of the community. For example, rural areas with lower costs of living may offer child care at

lower prices compared to cities with higher overhead costs for child care providers. However, associated lower wages of rural workers make child care no more affordable, and sometimes even more costly, when transportation considerations – both mode and time for travel – are considered in rural sprawl conditions.

Prices in the child care industry, due to their extreme variability, are an unreliable market signal. In traditional markets, potential buyers understand variations in price to be a measure of differences in the quality of the goods or services they wish to purchase. In child care, due to poor regulation and minimal standards, child care providers can offer low-quality care at low to moderate prices without facing any threat to their business operations. Their vacancies are filled by the children of so many parents who need affordable, immediate child care. The private market has failed to provide adequate incentives or financially viable scenarios for self-regulation and quality improvement. Although agreed upon as necessary, existing public efforts to ensure quality through regulatory policy are inadequate. The unintended consequence is that un- or minimally-regulated, often untaxed, child-care providers offer lower-cost competition, thus creating limits on the range of fees parents are willing to pay.

In contrast, many child-care programs are run by non-profits who rely on a combination of resources, including grants, in-kind aid and cash donations. Such subsidies are not guaranteed from year to year and they vary from program to program. These forms of subsidy allow the program to improve their quality while reducing the price, thus families pay less, yet still receive higher quality care. This possibility is misleading and convolutes the complex issue of informed choice.

Short-run decision making based on only the visible child care 'tuition' costs, for

both families and the private market, is short-sighted. High-quality child care requires significant, reliable financial investment. "To say that the high price of [high-quality] care creates big problems for families is not to say that the price the market has set is abnormally high... current prices are fully justified by costs that have to be met if minimally decent care is to be provided. If the costs [or subsidies] were cut, quality would go down." (Helburn & Bergmann, 2002, p.17) Accordingly, underinvestment reduces the ultimate returns that high-quality child care could offer.

In contrast to demand-side considerations, supply constraints exist when a parent is willing to pay the market price for their preferred quantity or level of quality of child care but is unable to find such arrangements. Meyers & Jordan (2006) describe how "an individual model of child care consumption assumes that, within their budget constraints, all parents select within a similar set of alternatives. A closer examination of supply suggests that all parents do not select from among similar alternatives; their options are limited by both actual and perceived constraints in supply and family resources." (p.62) Supply varies and in many circumstances the choices are limited.

Contrary to this theory that parents face a shortage of care, researchers have verified that a number of quality arrangements are available to parents, however, preference for higher quality care is undermined by the inability or choice not to pay the higher prices associated with quality. This is evidence of the strength of parental preferences, not an issue with supply. As prices of care per hour decrease, usually associated with decreased quality of care, demand for quantity of care increases. Research has verified that parents view quantity and quality as substitutes in center-based arrangements (Blau, 1998).

This notion of parental choice, or preference, is another inaccurate signal to the market mechanism. Parents selecting less than optimal levels of quality care for their children are bound by the constraints of their income, employment situation and availability of support networks to help fill in care gaps. Most child care programs operate during first-shift, daylight hours; many are only part-time programs. Parents working full time or who have second- or third-shift jobs often experience gaps in the times when they need child care the most. For low-income populations, these factors are often inflexible and subject to frequent changes beyond the control of the parent. Given the "choice" between full-time, flexibly-scheduled, mediocre care at a lower-rate and fewer hours of better-quality care at a higher rate, the decision is predetermined – a parent needing to work will select quantity over quality. According to Meyers & Jordan (2006) "research suggests that [parents] construct normative beliefs about care arrangements to accommodate tradeoffs between optimal care for children and necessary conditions for their own employment. Parents want quality care for their children, for example, but their notions of 'quality' reflect accommodations to social and economic realities that limit their range of feasible options." (p.60)

Two specific market imperfections exist related to quality: 1) imperfect information and 2) distributional issues. Speaking to the first point, parents often have little or incomplete understanding of the impact of high-quality child care on their child's development. Neither are parents skilled at observing or assessing the quality of care present, or lacking, in their child care arrangement. They have had little practice buying child-care services prior to needing them. Unlike other goods and services that are important and costly to families, and for

which information is more uniformly available, the child-care market fails to provide the information parents need about child-care choices and characteristics of quality care.

This may be due to the fact that, for the service provider, child-care is rarely profitable and there are minimal incentives to expend precious resources on marketing aspects of quality that would drive costs up. Also, few agencies or resources exist to assist parents in accessing this information, unlike markets such as groceries, real estate or automobile sales which have the assistance of price-circulars, realtors or Consumer Reports to inform potential purchasers of their options. Child-care resource and referral agencies serve as hubs for information about child care venues but are both underutilized in this respect and also low-rated in their effectiveness. In response, consumers have turned to informal social networks for their source of information about child care options. This useful shortcut provides parents with limited and often biased information shaped overly by race, class and other community characteristics.

Lack of information clearly generates market failure as "market participants (parents) either do not bear all the costs of their child care decisions or they make these decisions without understanding their consequences, or both." (Blau, 2006) One may ascertain that if the impact of the quality of care, or lack thereof, is not easily discernable, then consumers (parents) cannot be expected to pressure the child care sector to change their hiring and employment practices. In response, government intervention has served as a justified market correction and is based upon the positive effects, or externalities, of exposing children to high-quality care. As an advocate for the public good, government attempts to achieve greater positive

externalities by supporting non-parental child care in three ways: maintaining quality standards,¹ improving availability of child care options and reducing the costs of child care to parents. Further discussion of this topic will occur later in this paper.

The distributional nature of the problems with the child care market is simply put: consumers cannot afford the real cost of quality child care. Folbre (2003) informs us that "in the last thirty years, the overall costs of care have gone up relative to the costs of other goods and services for a number of reasons, including the difficulty of automating this type of work." (p.56) As a proportion of income, child care expenses are enormous. As reported in "Breaking the Piggy Bank: Parents and the High Price of Child Care" (2006), parents' child care expenses range from 9.5% - 57% of their income, depending on the geographic region, socio-economic conditions and single vs. dual parenting status. Evidence from Wertheimer (2001) states that "single working mothers who paid for child care in 2001 paid at least half of their cash income for child care; an additional 25% of these families paid 40-50% of their cash income for child care." (Cited in Matthews, 2006, p.2)

Despite the high rates paid by parents, relative to income, it is important to note that the child care industry is not usually among those characterized as corporate predators. Usually jobs that require a high amount of monitoring

¹ Quality varies significantly across child care settings. Government regulation also ranges, from the low end of minimal safety standards required by state licensing agencies to the high end of the highly regulated federal Head Start and state Prekindergarten programs. The latter require not only compliance with minimal safety measures but demonstration of higher teacher qualifications, improved classroom environment measures and utilization of developmentally appropriate curriculum.

correlate to higher wages. The challenge of monitoring child care is well established, yet these jobs continue to be poorly paid. To this point Nelson (2003) responds that “low wages and problems in the child care sector fundamentally result from the fact that children, care and connections are fundamentally *invisible* within the dominant, economic world view.” (p.138) Clearly there are biases inherent in the gender-imbalanced, predominantly female composition of the child care workforce. Traditional economic models are inadequate in framing the dilemma as they fail to capture the social costs in stereotyping women in the provision of care work.

Julie Nelson, in *The Child Care Economics Conundrum: Quality vs. Affordability*, examines the traditional market measures as applied to child care labor. She writes: “If markets work according to the neoclassical theory of perfect competition, *a wage level cannot be systematically “too low.”* After all, it is reasoned, if child care workers *choose* to work at a wage lower than what they would make elsewhere, in an office, store or factory, then that must be their utility maximizing *choice.*” [emphasis’ hers] (p.127)

Factors that affect workforce composition include education, experience and, not least among many other intersectionalities, gender. Barbara Bergmann (1986) goes so far as to say, in her ‘crowding hypothesis,’ that discrimination and the prejudices of men form the root of the problem. According to this theory, women are tracked by socio-cultural messages toward lower-paying occupations, and excluded from well-paying occupations. An increase in their supply of labor to these jobs is associated with a decrease in pay below what would exist in competitive equilibrium. Bergmann’s theory serves as the foundation for the

argument that women’s work in general, and especially in child care, is undervalued.

Folbre (2003) discusses how traditional economics consider the value of “psychic-pay” (p.219), or intrinsic satisfaction from the work of helping others, as a substitute for monetary pay. To a certain extent, this may be true for child care providers who truly love children. However, externalities of this nature help make the case for market failure and inefficient allocation of resources. Folbre further reports how “Lester Thurow develops a useful analysis of psychic income, although he does not apply it to caring labor, or to gender differences in wages. Higher psychic income does not necessarily compensate for lower money wages, because of the lack of tradability between the two.” (p.219)

The child care sector also lacks economies of scale. As reported by Warner, et.al. (2004), “this sector is largely composed of scattered small businesses, reducing opportunities for cost-reduction on the supply side and making it difficult for parents to access care from the demand side.” (p.4) While homogenization of the child care industry through increased and uniform standards, regulation and accountability measures also poses risks, its present efficiency remains in question in light of current operational measures and consumption patterns.

According to “Current Data on Child Care Salaries and Benefits in the United States” (2002), the mean wage for child care providers ranges from \$7.86 to \$9.66 per hour. Working full time, 52 weeks per year, which is not a guarantee due to frequent part-time and part-year programming, this equates to an annual gross salary range of \$16,349 to \$20,092. These figures are considered below or near poverty, respectively. Even with low-wages earned by child care providers, the child care sector

has endured historically low profitability, due to high labor expenses as a proportion of the operating budget based largely on parent paid fees. Further, the proportion of expenditures on labor only increases as quality improves through associated higher staff:child ratios and wage alignment commensurate with staff training and qualifications.

To recap, the child-care sector has many points that lead to market failure, including merit good status, imperfect market signals with respect to price and quality, information asymmetry, inadequate valuation of social benefits, and the fractious nature of the business of child-care. As alluded to earlier, government involvement is an implicit response to market failures. Given the state of the current child-care market, in the critical context of women's social advancement, existing policies need to be reviewed with an eye to both increased effectiveness, efficiency and equity. Future policy considerations will require greater ingenuity in addressing the complex social and economic forces at play.

FINANCING CHILD CARE: MARKET ECONOMY, CARING ECONOMY AND SOCIAL PRODUCTION

This section considers the impact of mothers entering the workforce, their accompanying need for child care and current shortfalls in government support. Helburn & Bergmann (2002) reflect that "looking back over the twentieth century, historians may well decide that the most important transformation it brought to America was the change in the role of women and the resulting change in the way our society finances and arranges for the care and rearing of young children. Yet as we [begin] the 21st century, we haven't yet faced up to the child care needs created by

women's large-scale entry into the labor market." (p.2)

The following intriguing critique by Nancy Folbre (2003) considers two widely recognized economic models contrasted with feminist's contradictory views regarding the designation of women as primary provisioners of caring labor.

"Those who adopt either (a) the conventional neoclassical presumption that undervaluation is not a problem or (b) the institutionalist view that caring norms and preferences are simply a means of subordinating women or a result of their subordination will favor a reduction in women's caring behavior. These feminists will have little reason to worry about the need to regulate or limit markets.

On the other hand, feminists who adopt either (c) the neoclassical view that caring provides important externalities or (d) the institutionalist view that caring labor is a necessary task that has been unfairly and disproportionately assigned to women will fear a reduction in women's caring behavior. Such a reduction will have adverse consequences for the economy as a whole unless it is counterbalanced by an increase in men's caring labor. These feminists will worry about the inadequacies of markets, and will propose

both limits and alternatives to them.” (p.224)

The crux of the debate here lies in revealing the balance struck and inter-reliance between a market economy and a caring economy, the latter of which coordinates the process of social production.

Authorities on this subject posit that it is time to develop an alternative to the “us vs. them” thinking between feminism and neo-classical economics, arguing that the two cannot move forward without each other’s assistance. Says Burggraff (1993), “the economics profession needs the feminists’ insights and sense of urgency about the value of family functions and about the prohibitive cost to women of performing them in a modern economy. And feminists really need the economics profession and its market expertise on their side in order to deal with family issues” (p.49) such as child care.

Parents holding multiple jobs to make ends meet, increased rates of single parenting, and increases in the valuation of women’s contributions in the workforce have led to a compelling argument validating the need for many women to work while their children are very young. It is true that the U.S. is starting to turn to the child care issue, albeit belatedly in comparison to other developed countries that more readily embrace child care as a public responsibility. Through a blending of state and federal funds, most states offer child care subsidies to families based on income-eligibility. However the supply of subsidies falls far short of the demand. Interestingly, in a country of such great prosperity and advantage, American workers get less government support for child care than any other country in the industrialized world, making child care costs relative to women’s earnings higher in the United States.

As asserted by Cohen (1996) “societal values have militated against a broad-based, uniform approach to child care financing, and, consequently, federal funding for child care over the past 60 years has fluctuated widely.” (p.26) While current funding levels are higher than ever in history – according to the Government Accountability Office (2005) in 2004, \$9.4 billion was expended under the Child Care and Development Fund (CCDF),² with \$6.9 billion (73%) being federal funds and \$2.5 billion funded at the state level (27%) – it is estimated that less than 30% of eligible families with young children are receiving benefits. (DHHS Report to Congress, January 2003, p. 14) England & Folbre (1999) admonish “current policies in the United States socialize many of the benefits of children while requiring parents, mothers in particular, to pay most of the costs.” (p.196)

Policy Connections

Child care is a significant contributor to national economic measures of well-being. Despite a significant amount of economic and empirical analysis’ challenging the cost-benefit structure of women working and utilizing child care, Cubed (2002) describes how “a number of studies have examined the economic benefits of early care and education. They quantify the contribution that child care makes to the economy by helping parents work. According to one national study, Americans spent approximately \$38 billion on licensed child care programs in 2001. These programs employed slightly more workers (934,000) than public secondary schools (933,800). The formal child care sector, by making it possible for them to work, enabled parents to earn more than \$100 billion annually. These additional

² The CCDF is a means-tested subsidy program that assists low-income families with child care expenses.

wages, in turn, produced almost \$580 billion in total labor income.” (p.3)

The importance of caring labor and the child care industry can be measured in both these dollar values and in social or human capital returns. The quality of child care directly impacts the future capabilities of children as potential earners and productive citizens. In this respect, as public goods, children are underinvested in and we can expect less than optimal returns. Society needs to realize the true costs of producing healthy, intelligent, competent children, and that children aren't mushrooms – that is, they don't just “pop up.” (Burggraff, 1993, p.52) Only then will decisionmakers begin to understand our currently misguided resource allocations. The evidence presented in this paper supports the conclusion that there is indeed a failure of the child care market and that it calls for our concentrated attention. With a goal to balance the onus of responsibility for shifting demand toward higher-quality care, efforts must be made to generate measures and interventions that will create viable pathways for parents to choose affordable care of improved quality. To that end, the follow policy suggestions can be made:

POLICY STRATEGIES

What WON'T Work:

- Federal subsidies such as Child Care Tax Credit (CCTC) to offset costs of child care: these have resulted in an increased demand for quantity but decreased demand for quality
- A per child tax credit for families, which is essentially a pure income subsidy, and has the same effects as the CCTC.
- Subsidies under block grants such as the Child Care and Development Block Grant (CCDBG) that are “attribute specific”, meaning they

target their availability to enhance program standards such as group size, ratio and provider training. This has the effect of reducing attribute-specific marginal prices but studies indicate that this also has no measurable influence on the demand for quality care.

What WILL Work:

- Expanded consumer education and public awareness efforts regarding the benefits of high-quality child care: this is predicted to be the most realistic and effective method of increasing the demand for high-quality child care.
- Instead of subsidizing the employment of parents through welfare-to-work policies, subsidize the cost of raising children. The dollar for dollar Temporary Assistance to Needy Families (TANF) benefit reduction minimizes net earnings when parents who work deduct child care costs. Coupling child-, in lieu of work-, subsidy with required parent education on child development and quality of care, both in the home and in child-care, would increase the likelihood of parents making positive choices for their children.
- In tandem with parenting supports, generate effective job-related education and access to training to lift families out of poverty, enabling them to participate in the child care market more equitably.
- Subsidize the cost of accreditation (a process that improves child care quality) for child care providers.
- Provide a means-tested care voucher for child care with a value that depends upon the child care quality

(This is often termed “tiered reimbursement”).

These policy strategies must be weighed within the context of the parallel movement towards corporate “family friendly policies.” These include flexible family-leave for both fathers and mothers, alternative work schedules (including flex-time, irregular work schedules and part-time employment), job sharing and home based employment. For successful implementation of policies that support families and improve child care market outcomes, a concurrent paradigm shift must occur. Blau, Ferber & Winkler (1998) insightfully note that future policy solutions “require a change in the corporate ‘culture.’ Currently families are seen as separate from the work sphere.” (p. 313) Family, work and child care must become seen as interdependent and society must understand that capitalization within one may yield reciprocal deficits in another.

Conclusion

This paper has presented a great deal of evidence affirming America’s market failures as applied to the child care sector. It has also established some considerations that warn us that our children’s well-being is perilously at-risk and that the issue, due to social and political forces, has yet to garner adequate power, respect and influence to be shepherded into political and economic priority status. Children as factors of production benefit from investments of and towards human capital. The traditional neoclassical market framework does not have a formula for the present value of future profits of children and thus fails to incorporate this line of thinking.

With nearly half of the population of all U.S. women in the workforce, over seventy-five percent of women in their primary child-rearing years working, and nearly two-thirds of our children in some form of pre-primary child care, this account of child care market failure is just another

stellar example of our country’s shortsightedness with regard to social and economic benefits for families, communities and society. While feminist thinking has gained momentum in building awareness of the shortcomings of existing economic models, much work remains to be done to establish new, functional, economically relevant models that also consider the value of children, care work and unique industries like the child care sector.

RESOURCES AND WORKS CITED

Administrative Expenditures and Federal Matching Rates of Selected Support Programs. *United States Government Accountability Office*. GAO-05-839R. June 20, 2005.

Albrecht, Gloria H. (2002). *The Cost of Kids in Hitting Home: Feminist Ethics, Women’s Work, and the Betrayal of “Family Values.”* New York, NY.

Beneria, Lourdes. (2003) *The Study of Women and Gender in Economics: An Overview in Gender, Development and Globalization: Economics as If All People Mattered.* New York, NY.

Bergmann, Barbara R. (1986) *The Economic Emergence of Women.* Basic Books, Inc.

Blades, Joan and Kristin Rowe-Finkbeiner. *The Motherhood Manifesto.* New York, NY. 2006.

Blau, David M. (Summer, 2003) Do Child Care Regulations Affect the Child Care and Labor Markets? *Journal of Policy Analysis and Management.* 22, 3, 443.

Blau, David M. (2006) Rethinking U.S. Child Care Policy. *Issues in Science and*

Technology Online. Downloaded 06-19-06 from <http://www.issues.org/18.2/blau.html>.

Blau, David M. and Alison P. Hagy. (1998) *The Demand for Quality in Child Care*. *The Journal of Political Economy*, 106, 1, 104-146.

Blau, David M. and H. Naci Mocan. (2002) *The Supply of Quality in Child Care Centers*. *The Review of Economics and Statistics*. 84, 3, 483-496.

Blau, Francine D.; Ferber, Mariane A.; and Anne E. Winkler. (1998) *The Economics of Women, Men and Work, Third Edition*. Prentice Hall, NJ.

Breaking the Piggy Bank: Parents and the High Price of Child Care.(2006) National Association of Child Care Resource and Referral Agencies. [Electronic version] [http://www.naccrra.org/policy/docs/Breaking%20the%20Piggy%20Bank_FINAL\(printer\).pdf](http://www.naccrra.org/policy/docs/Breaking%20the%20Piggy%20Bank_FINAL(printer).pdf)

Burggraf, Shirley P. (1993) *How Should the Costs of Child Rearing Be Distributed?* *Challenge*, 36, 5, 48-55.

Child Care and Development Fund (CCDF) Report to Congress. (January 2003) U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau.

Cohen, Abby J. (1996) *A Brief History of Federal Financing for Child Care in the United States*. *The Future of Children*, 6, 2, 26-40.

Cubed, M. (2002) *The National Economic Impacts of the Child Care Sector*. A study sponsored by the National Child Care Association.
Current Data on Child Care Salaries and Benefits in the United States. (2002) Center

for the Child Care Workforce. Downloaded 6-28-06 from <http://ccw.cleverspin.com/pubs/2002Compendium.pdf>

England, Paula and Nancy Folbre. (2003) *Contracting for Care in Feminist Economics Today: Beyond Economic Man*. Chicago.

England, Paula and Nancy Folbre. (May 1999) *Who Should Pay for the Kids?* *The Annals of the American Academy, AAPSS*, 563.

Ficano, Carlana K. Cochi. (2004) *Market Mechanisms in the Formal Child Care Market: Why the Slow and Inconsistent Expansion in Supply?* Hartwick College.

Folbre, Nancy. (May, 1994) *Children as Public Goods*. *The American Economic Review*. 84, 2, 86-90. Papers and Proceedings of the Hundred and Sixth Annual Meeting of the American Economic Association.

Folbre, Nancy. (2003) *Holding Hands at Midnight: The Paradox of Caring Labor in Toward a Feminist Philosophy of Economics*. Drucilla K. Barker and Edith Kuiper, Eds. New York.

Folbre, Nancy. (2001) *The Invisible Heart: Economics and Family Values*. New York, NY.

Helburn, Suzanne W. and Barbara R. Bergmann. (2002) *America's Child Care Problem: The Way Out*. New York, N.Y.

Jochimsen, Maren A. (2003) *Integrating Vulnerability: On the Impact of Caring on Economic Theorizing in Toward a Feminist Philosophy of Economics*. Drucilla K. Barker and Edith Kuiper, Eds. New York, NY.

Johnson, Julia Overturf. Who's Minding the Kids? Child Care Arrangements, Winter 2002. Issued October 2005. U.S. Census Bureau, Current Population Reports. Downloaded 6-30-06
<http://www.census.gov/prod/2005pubs/p70-101.pdf>

Matthews, Hannah. (2006) Child Care Assistance Helps Families Work: A Review of the Effects of Subsidy Receipt on Employment. Center for Law and Social Policy, Washington D.C.

Mencimer, Stephanie. (2003) Children Left Behind: Why We Need a National Child-Care Program, Now More Than Ever. *The American Prospect*, [Electronic version]
<http://www.prospect.org/web/printfriendly-view.ww?id=6664>

Meyers, Marcia K. and Lucy P. Jordan. (Summer 2006) Choices and Accommodation in Parental Child Care Decisions. *Community Development*, 37, 2, 53-70.

Mocan, Naci. (2002) The Market for Child Care. *National Bureau of Economic Research*.

Nelson, Julie A. (2003) The Childcare Economics Conundrum: Quality vs. Affordability in Women, Family and Work: Writings on the Economics of Gender. Kathryn S. Moe, Ed.

Overturf Johnson, Julia. (2005) *Who's Minding the Kids? Child Care Arrangements: Winter 2002*. Current Population Reports, P70-101. U.S. Census Bureau, Washington D.C.

Schulman, Karen and Helen Blank (September 2005). Issue Brief: Child Care

Assistance Policies 2005: States Fail to Make Up Lost Ground, Families Continue to Lack Critical Supports. National Women's Law Center, Washington D.C.

Shulman, Beth. (2003) The Betrayal of Work: How Low Wage Jobs Fail 30 Million Americans and Their Families. New York, NY.

Stiglitz, Joseph. (1987) The Causes and Consequences of the Dependence of Quality on Price. *Journal of Economic Literature*, 25, 1, 1-48.

The Children of the Cost, Quality and Outcomes Study Go to School. (June 1999) FPG Child Development Center, UNC-Chapel Hill. Downloaded 6-28-06 from
<http://www.fpg.unc.edu/NCEDL/PAGES/cq.cfm>

The Economics of Child Care (1997) *A Report by the Council of Economic Advisors*.

The State of America's Children 2004. *Children's Defense Fund*. Washington, D.C.

Vandell, Deborah Lowe and Barbara Wolfe. (May 2000) Institute for Research on Poverty, University of Wisconsin-Madison. Child Care Quality: Does It Matter and Does It Need to Be Improved? *Section 5: Is There a Persuasive Economic Argument to Justify Public Intervention to Improve the Quality of Child Care?* Published by *Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services*.
<http://aspe.hhs.gov/hsp/ccquality00/ccqual.htm#quality>

Warner, Mildred, et.al. (2004) Economic Development Strategies to Promote Quality

Child Care. Cornell University: Linking Economic Development and Child Care Research Project.

Williams, Erica and Anne W. Mitchell. (2004) The Status of Early Care and Education in the States. *Institute for Women's Policy Research.*