

Joint Economic Committee hearing

Building Blocks for Success: Investing in Early Childhood Education

Written Testimony of Melissa Boteach Vice President, Income Security and Child
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Good afternoon Chairman Heinrich, Vice Chairman Schweikert, and other distinguished members of the Joint Economic Committee. My name is Melissa Boteach, and I am the Vice President of Income Security and Child Care/Early Learning at the National Women’s Law Center (NWLC).

For more than 50 years, NWLC has fought for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. We use the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us—especially women of color, LGBTQ people, and women and families with low incomes.

I am grateful for the opportunity to testify before you today on the economic benefits of investing in child care and early education, the crisis the child care sector faces, and federal and state policy solutions to stabilize and equitably rebuild this critical foundation of our society and economy.

I. Child Care is a Public Good, not a Personal Luxury

Merline A Gallegos is a home-based child care provider in New Mexico. She and the early educators who work with her are a backbone of their community and of the local economy in Las Cruces. Because of the care and education they provide, parents are able to go to work, children are better prepared to succeed in and out of the classroom, and businesses benefit from a reliable workforce.

Merline is but one of hundreds of thousands of providers across the United States who make work possible for the rest of us, prepare the next generation of children for success, and support widespread economic growth. The research is clear:

- *Child care is foundational for children’s healthy growth and development:* Developmental disparities take root well before children are 5 years old, and families’ economic instability and stress are associated with negative outcomes in terms of health and educational achievement.¹ Luckily, the inverse is also true. When we invest in children starting at birth, it yields long-term positive outcomes for their health, education, and employment.² Since children under 5 years old are the most diverse generation in American history, investing in high-quality, affordable child care and early learning also advances racial equity.³ Quality child care programs have been associated with positive health benefits, including higher immunization rates, higher screening and identification rates, and improved mental health.⁴

¹ Bipartisan Policy Center, 36 Years Later: A Nation Still at Risk (Sept. 2019), https://bipartisanpolicy.org/wpcontent/uploads/2019/09/Early-Childhood-Report_36-years-later_September-2019.pdf.

² Arloc Sherman & Tazra Mitchell, Center on Budget and Policy Priorities, Economic Security Programs Help LowIncome Children Succeed Over Long Term, Many Studies Find (July 2017), <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>

³ William H. Frey, Less Than Half of the US Children Under 15 Are White (June 2019), <https://www.brookings.edu/research/less-than-half-of-us-children-under-15-are-white-census-shows/>.

⁴ Taryn Morrissey, The Effects of Early Child and Education on Children’s Health (April 2019), <https://www.healthaffairs.org/doi/10.1377/hpb20190325.519221/full/>.

- *Child care supports our entire economy:* The child care challenges of a parent now translates into productivity challenges for their employer, amounting to an estimated \$23 billion aggregate loss each year.⁵ More broadly, the United States is losing an estimated \$122 billion each year in lost earnings, economic productivity, and foregone revenue due to the lack of affordable, high-quality child care.⁶
- *Child care is critical for family economic security:* Research by the Center on Poverty and Social Policy at Columbia University and National Women’s Law Center found that an investment in affordable child care for everyone who needs it would increase the number of women with young children working full-time/full-year by about 17 percent, and by 31 percent for women without a college degree.⁷ That increase in labor force participation would translate into higher wages for women and greater security for the families who depend on them. With access to affordable care, a woman with two children would see her lifetime earnings increase by about \$94,000, leading to an increase of about \$20,000 in private savings (contributions plus growth) and an additional \$10,000 in Social Security benefits.⁸

However, despite its important public benefits, child care is too often perceived and funded as though it were a private luxury—a service that is accessible only to those who can pay for it, instead of a basic necessity guaranteed to all.

- While education for children in grades K-12 is a right, parents are left to figure out how to care for and educate their children during their first five years of life—the years when brains are developing at their fastest—with few or no public resources.
- While child care functions as a form of infrastructure, its workforce has been left to struggle in poverty while supply shrinks from disinvestment. The government is the primary financier of physical infrastructure like roads and bridges, and has made concerted efforts to invest in improving jobs for workers in construction and other related fields. Yet the cost of maintaining our nation’s care infrastructure is primarily borne by women’s unpaid and underpaid labor.

In short, as Treasury Secretary Janet Yellen has concluded, child care as *“a textbook example of a broken market.”*⁹

II. The Child Care Crisis has been Centuries in the Making

Despite the crucial role Merline plays in her community, she and the families who rely on her struggle paycheck to paycheck. Even with four children of her own, Merline uses her own money every week to buy food for the children in her care whose families cannot afford it.

⁵ Council for a Strong America, "\$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis" (February 2023), <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>.

⁶ *ibid*

⁷ [A Lifetime’s Worth of Benefits: The Effects of Affordable, High-Quality Child Care on Family Income, the Gender Earnings Gap, and Women’s Retirement Security - National Women’s Law Center \(nwlc.org\)](#)

⁸ *ibid*

⁹ [Child care in the US is a 'broken market.' Treasury report finds \(yahoo.com\)](#)

Merline’s experience is not uncommon. Across the country, families are struggling to find and afford child care and providers are struggling to keep their doors open. Consider that even before COVID-19:

Families were struggling to afford child care costs—if they could find child care at all.

- In the three decades leading up to the pandemic, the cost of child care grew twice as fast as the rate of overall inflation.¹⁰
- In more than half of states, child care for an infant in a child care center cost more than in-state college tuition.¹¹
- Only one in six eligible children were served by the Child Care and Development Block Grant and related federal child care programs.¹²
- Families—particularly in rural areas—struggled with a lack of care options with more than half of Americans residing in a licensed child care desert, or a neighborhood with an insufficient supply of licensed child care.¹³

Early educators were paid poverty wages for caring for and educating our children.

- Child care is one of the lowest paid professions in the United States,¹⁴ despite rising requirements for credentials and education and extensive research pointing to the importance of the early years for young children’s healthy development.¹⁵
- Recent data show that over half of child care workers were enrolled in at least one public assistance or support program.¹⁶
- Many child care workers cannot afford child care for their own children. Pre-pandemic data show in 21 states and the District of Columbia, non-preschool child care workers would have to spend over half of their annual earnings to pay for center-based infant care.¹⁷

¹⁰ National Women’s Law Center, Cutting Costs for Women and Families Depends on Public Investments, (March, 2022), <https://nwlc.org/wp-content/uploads/2022/03/PublicInvestmentFS-1.pdf>.

¹¹ Child Care Aware of America, The US and the High Price of Child Care: An Examination of a Broken System (2019), <https://www.childcareaware.org/our-issues/research/the-us-and-the-high-price-of-child-care-2019/>.

¹² Nina Chien, Factsheet: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2019 (Washington, DC: U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, 2022), available at <https://aspe.hhs.gov/reports/child-care-eligibility-fy2019>.

¹³ Rasheed Malik, et al., Center for American Progress, America’s Child Care Deserts in 2018, (Dec. 2018), <https://www.americanprogress.org/issues/early-childhood/reports/2018/12/06/461643/americas-child-care-deserts-2018/>.

¹⁴ Julie Vogtman, National Women’s Law Center, Undervalued: A Brief History of Women’s Care Work and Child Care Policy in the United States (2017), https://nwlc.org/wp-content/uploads/2017/12/final_nwlc_Undervalued2017.pdf.

¹⁵ Zero to Three, Early Development & Well-Being, <https://www.zerotothree.org/early-development>.

¹⁶ Marcy Whitebook, et al., Center for the Study of Child Care Employment, Institute for Research and Labor Employment, University of California, Berkeley, (2018), <https://cscce.berkeley.edu/wp-content/uploads/2018/06/2018-Index-Executive-Summary.pdf>.

¹⁷ Elise Gould, Child Care Workers Aren’t Paid Enough to Make Ends Meet (Economic Policy Institute, November 2015), <https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/>.

*These inequities disproportionately impacted women and families of color.*¹⁸

- Virtually all child care workers (over 90 percent) were women, and disproportionately women of color and immigrant women.¹⁹
- Black and Latina mothers were more likely to work in jobs that have low pay and few or no benefits, making care more difficult to afford.^{20 21}
- Black, Indigenous, People of Color (BIPOC) families were more likely to face greater barriers to accessing care,²² including high costs, lack of care options that match their work schedules, language barriers, and lack of culturally competent, trusted options, all leading to inequitable participation in licensed child care across racial groups.

These trends - which were only exacerbated by the pandemic - are no accident, but rather rooted in a racist and sexist history of undervaluing the care work done predominantly by Black women, Indigenous women, and other women of color.²³ Since the time of slavery, Black women have been expected to care for the children of white families for little or no pay. As the New Deal created new protections for workers, domestic and care workers were intentionally excluded. And in the lead-up to the pandemic, through cuts to discretionary spending and budget caps, lawmakers allowed investment in the Child Care and Development Block Grant, our nation's primary policy for investing in child care, to erode, leaving fewer and fewer eligible families with access to child care assistance.

As a result, the sector was already hanging by a thread when the pandemic hit.

III. Pandemic era relief underscored the importance of sustained and long-term investment in the child care sector

With the onset of the pandemic, the child care sector—already precarious—began to collapse. Providers faced reduced fees as families pulled children from congregate settings, while struggling with increased operating expenses to provide safe care for the families who stayed. By July 2020, Child Care Aware research showed that 35 percent of centers and 21 percent of family child care programs remained closed nationwide.²⁴ In December of 2020, the National Association for the Education of Young Children

¹⁸ Lea J.E. Austin, et al., Racial Wage Gaps in Early Education Employment, Center for the Study of Child Care Employment, (Dec. 2019),

<https://csce.berkeley.edu/racial-wage-gaps-in-early-education-employment/>.

¹⁹ Shiva Sethi, et al., An Anti-Racist Approach to Supporting Child Care Through COVID-19 and Beyond, The Center for Law and Social Policy (July 2020),

<https://www.clasp.org/publications/report/brief/anti-racist-approach-supporting-child-care-through-covid-19-and-beyond>.

²⁰ Jasmine Tucker & Julie Vogtman, When Hardwork is Not Enough: Women in Low-Paid Jobs (April 2020), https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report_pp04-FINAL-4.2.pdf

²¹ Diana Boesch & Shilpa Phadke, Center for American Progress, When Women Lose All The Jobs: Essential Actions for a Gender-Equitable Recovery (February 2021),

<https://www.americanprogress.org/issues/women/reports/2021/02/01/495209/women-lose-jobs-essential-actions-gender-equitable-recovery/>.

²² Rasheed Malik, Center for American Progress, Investing in Infant and Toddler Child Care to Strengthen Working Families (Oct. 2019),

<https://www.americanprogress.org/issues/early-childhood/reports/2019/10/21/475867/investing-infant-toddler-child-care-strengthen-working-families/>.

²³ See Vogtman, *supra*.

²⁴ Child Care Aware of America, Picking Up the Pieces: Building a Better Child Care System Post-COVID-19, (2020), <https://www.childcareaware.org/picking-up-the-pieces/#access>.

(NAEYC) reported that 56 percent of child care centers surveyed said they were losing money every day that they remained open.²⁵

By January of 2021, the child care sector was in a freefall. The Bureau of Labor Statistics January 2021 jobs report showed that one in six child care jobs had been lost since the start of the pandemic²⁶, and nearly half of over 6,000 providers surveyed by the National Association for the Education of Young Children in December 2020 reported that they knew of multiple centers or homes in their community that had closed permanently.²⁷

Lawmakers took action to save the child care sector with the American Rescue Plan, which provided unprecedented stabilization funds and increases in the Child Care and Development Block Grant. That relief has helped 220,000 child care programs stay open, supporting 10 million children and their families in accessing child care.²⁸ Recent analysis by the White House Council of Economic Advisors also showed the widespread economic benefit of that investment, finding that after the ARPA child care funds were distributed, the labor force participation of mothers with children under age 6 increased by about 3 percentage points relative to labor force participation of other mothers. In further proof of the relationship between the relief funds and mother's workforce participation, this increased rate slowed at the same time as counties received their final payout funds from states.²⁹ Overall, the Council of Economic Advisors estimates that the benefit of these funds for the broader economy outweighed the cost of the investment by a factor of 2:1.³⁰

Unfortunately, the long-term funding to create a sustainable child care system was left on the cutting room floor in the Build Back Better legislation, creating two funding cliffs. The first happened in September 2023, and the effects are already rippling throughout the economy. The second funding cliff will hit in September 2024.

In the aftermath of the September 2023 child care funding cliff, increasing child care costs are squeezing families with young children and threatening the supply of early care and education

Merline is already feeling the pinch of the expired pandemic relief dollars, which she notes, helped her stay open during the pandemic. However, in the wake of the September 2023 funding cliff, she is seeing teachers leaving the field to work at restaurants that pay more. While state funding has helped mitigate

²⁵ Hogan, et al., Am I Next? Sacrificing to Stay Open, Child Care Providers Face a Bleak Future Without Relief, (Dec. 2020), https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_policy_crisis_coronavirus_december_survey_data.pdf.

²⁶ U.S. Bureau of Labor Statistics, Economic News Release (Feb. 2021), <https://www.bls.gov/news.release/empsit.nr0.htm>.

²⁷ National Association for the Education of Young Children, Am I Next? Sacrificing to Stay Open, Child Care Providers Face a Bleak Future Without Relief (Dec, 2020), https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_policy_crisis_coronavirus_december_survey_data.pdf.

²⁸ Office of Child Care, Administration for Children and Families, COVID Investments in Child Care: Supporting Children, Families, and Providers, (May 2023), <https://www.acf.hhs.gov/occ/infographic/covid-investments-child-care-supporting-children-families-and-providers>.

²⁹ The White House Council of Economic Advisors, American Rescue Plan's Child Care Stabilization Funds Stabilized the Industry While Helping Mothers Return to Work, (Nov. 2023), <https://www.whitehouse.gov/cea/written-materials/2023/11/07/child-care-stabilization/>.

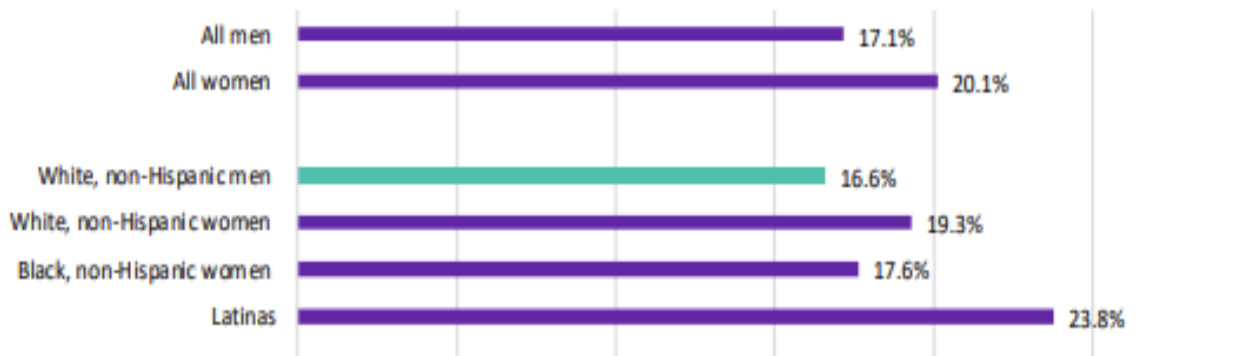
³⁰ *ibid*

some of the harshest effects of the funding cliff, the dramatic cut-off of federal funding means many parents will be forced to pull their children out of care, or hemorrhage money paying for it. Low-income children will lose access to high-quality early education, limiting their potential.

Merline’s experience is just one story in millions of data points that show a sector facing increasing precarity. In November 2023, data from the RAPID/NAEYC survey show that just one month after pandemic era child care funding expired, 29 percent of families reported that their child care tuition had increased in the last month.³¹

These data are echoed by government surveys. Census PULSE survey data from October 18-30, 2023 revealed that one in five (20.1 percent) women reported that, at some point in the last four weeks, children in their household were unable to attend child care as a result of child care being closed, unavailable, or unaffordable, or because they were concerned about their child’s safety.³² These numbers were even higher for women of color.

Share With Children Under 12 Years Old Who Reported Not Having Child Care in the Past Four Weeks by Selected Demographics (October 18 -30, 2023)



The most recent RAPID/NAEYC survey reveals a sector in crisis. In February 2024:

- Nearly half (48 percent of providers responding to the survey indicated that they had to increase their program’s tuition in the last 6 months.³³

³¹ National Association for the Education of Young Children, Going Over the Child Care Cliff, (Nov. 2023), https://www.naeyc.org/sites/default/files/globally-shared/nov_survey_brief.pdf.

³² Sarah Javaid & Kathryn Domina, Women of Color, Disabled Women, and LGBT Adults Struggle to Afford Food and Housing Costs, (Dec. 2023), https://nwlc.org/wp-content/uploads/2024/01/nwlc_PulseWeek63FS-Accessible.pdf.

³³ Meghan Salas Atwell, Daniel Hains, Lauren Hogan, and Makayla Johnson, “We Are NOT OK”

- 46 percent of all respondents to the survey report increased levels of burnout since January 2023.
- Twice as many respondents said their economic situation had worsened (32 percent) compared to those who said it had improved (16 percent).

Among educators who were considering leaving early care and education, respondents listed higher wages as the top factor that would retain them - yet as public dollars expire, this basic request is increasingly untenable.

The impact of public funding is evident in the success of the federal pandemic relief funds, but can also be seen in the progress that states have made where they have invested their own dollars. While families and child care providers in *all states* are feeling the pinch of the expiration of federal funds, the latest RAPID/NAEYC survey shows that families and providers were better off in the states that invested their own funding. In the 11 states and DC, where additional investments have been made, respondents were less likely to report they had raised tuition in the past 6 months (35 percent compared to 45 percent), and less likely to report a growing wait list (24 percent compared to 31 percent).³⁴

Blue and red states alike have also leveraged their own funding to make critical investments, which are showing results. Vermont recently enacted Act 76, which, when fully implemented, will invest \$125 million annually into child care, allowing the state to expand the income eligibility limit for its child care assistance program from 350 percent to 575 percent of the federal poverty level by the end of 2024. The funding will also be used to increase child care provider payment rates by 35 percent, invest in the workforce and facilities, and cover 100 percent of child care fees for families with incomes up to 175 percent of the federal poverty level³⁵.

Kentucky not only designated \$50 million in state funds to extend ARPA child care stabilization grants, but it also was the first state to make those working in licensed or certified child care programs categorically eligible for child care assistance for their own children. Within a year of enactment, 3,200 parents employed in the child care sector, and 5,600 children, have begun to benefit from this program³⁶.

And of course, New Mexico's constitutional amendment passed overwhelmingly via ballot initiative in 2022, guaranteeing a right to early childhood education with dedicated revenue from a percentage of the state's land grant permanent fund. Just last year, the state significantly increased funding for early care and education programs, providing \$97.8 million for child care assistance, \$109 million for the state prekindergarten program, and \$8 million for home visiting³⁷. Merline has noted that the parents of the children in her care are finally feeling relief - like they can not begin to dig themselves out of a hole

Early Childhood Educators and Families Face Rising Challenges as Relief Funds Expire, (Feb. 2024), https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/feb_2024_brief_wearenotok_final_1.pdf.

³⁴ Ibid

³⁵ Kyra Weber, Shelby Brunson, and Karen Schulman, National Women's Law Center. "State Child Care and Early Education Updates 2023: Continuing Progress (2024)" National Women's Law Center, 2024: [State-Child-Care-and-Early-Education-Updates-2023-NWL.C.pdf](#)

³⁶ Ibid

³⁷ Ibid

financially. As for herself, Merline is finally able to pay herself a salary and has capacity to open up more child care slots.

IV. Only sustained and significant public funding can build a system where families can find and afford care

Reams of research have underscored the important role that early care and education play in children's development, in a family's economic security, and in our broader economic prosperity. Tomes of data have shown the detrimental effects of continuing to under-invest in this critical infrastructure. And decades of experience have shown that while state-level investments are critical, states alone cannot solve the problem.

It is time to start enacting the solution. A broken market requires a third-party investor. And in the case of child care - a public good - that investor is the government.

Until we recognize this fundamental math, we will continue to force parents and early educators into impossible choices that carry short- and long-term negative consequences for our families and for the economy overall.

Congress must act now to both stabilize the sector and make sustained and robust investments to build a system of high-quality, affordable child care and early education for all. I do want to thank Congress for the \$1 billion increase for child care and Head Start in the recently passed FY 2024 appropriations bill. This is an important step forward and will help states make continued investments to sustain progress on families' access to early care and education, provider payment rates, supply-building, and more.

But in the wake of the expired ARPA funding, and with another cliff looming in September 2024, the sector needs greater support. The Biden administration has sent a supplemental request to Congress³⁸ for \$16 billion to continue to stabilize the sector, and the National Women's Law Center - along with nearly 1,000 organizations from every state³⁹ - has underscored that this funding is critical to prevent further erosion of the child care supply.

While increased funding in a supplemental is crucial, the goal is not just to return to an inequitable pre-COVID status quo. Last Congress, lawmakers came close to investing in child care and pre-kindergarten in the Build Back Better legislation, with the House passing funding that would have offered a guarantee of child care assistance to 93 percent of working families, providing subsidized care for more than 13 million children under age 6—sixteen times more children than are served under the status quo. If this legislation were enacted, the typical family in 32 states would save more than \$100 a week on child care expenses,⁴⁰ while mothers with young children would see pay increases that would result in a combined increase of \$24 billion in annual earnings, closing one-third of the "motherhood

³⁸ The White House, FACT SHEET: White House Calls on Congress to Support Critical Domestic Needs, (Oct. 2023),

<https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/25/fact-sheet-white-house-calls-on-congress-to-support-critical-domestic-needs/>.

³⁹ National Women's Law Center, Emergency Child Care Letter, (Sept. 2023),

<https://nwlc.org/wp-content/uploads/2023/09/Emergency-Child-Care-Letter-4.pdf>.

⁴⁰ Rasheed Malik, Center for American Progress, The Build Back Better Act Would Greatly Lower Families' Child Care Costs, (September 2021),

<https://www.americanprogress.org/article/build-back-better-act-greatly-lower-families-child-care-costs/>.

penalty.”⁴¹ This Congress, Representative Bobby Scott and Senator Patty Murray have introduced similar legislation, “The Child Care for Working Families Act,” while Senator Elizabeth Warren and Representatives Mikie Sherrill and Sara Jacobs have introduced a bill at a similar scale called “The Child Care for Every Community Act.” While these models differ, both bills recognize child care as a public good with robust and sustained funding that ensures that families can find and afford care while early educators are fairly compensated.

For those who argue that we can't afford to make these investments, the current state of the child care system in fact demonstrates that *we can't afford not to*. The ability of women, children, families and communities to thrive depends on robust public investments in child care. And as President Biden posited in his 2024 State of the Union - and laid out in his FY25 budget - there would be more than enough public revenue to support those investments if the wealthiest individuals and big corporations paid their fair share in taxes.

V. Conclusion:

During the pandemic, the public finally began to understand child care as an essential public good requiring public investment, spurring greater political urgency and lawmaker interest in solutions. Voters understand the crucial role child care plays in our economy. Recent polling from the Child Care for Every Family Network⁴² shows that overwhelming majority of Americans (84 percent) agree that “Child care is essential to our country’s workforce and economy, and we should invest in it just like infrastructure such as roads and bridges”; and 81 percent agree that “Child care is a public good, like public education and public libraries, that benefits everyone whether or not we have children.”

When we spoke to Merline earlier this week, she said she feels hope for the first time in a long time, as New Mexico increases its funding for child care and the public and policymakers pay greater attention to the urgency of federal investments. I’d like to close with Merline’s advice to her community, which should inspire us as advocates and lawmakers to keep building toward the system our families - and our economy - need and deserve. “My advice is to never give up. No matter how difficult your situation, we can always start over and use our experience to help others.”

⁴¹ Juie Kashen, Jessica Milli, The Build Back Better Plan Would Reduce the Motherhood Penalty, (Oct. 2021), <https://tcf.org/content/report/build-back-better-plan-reduce-motherhood-penalty/>.

⁴² GQR and Child Care for Every Family Network “Voters Overwhelmingly Support Universal Child Care and Fair Wages for Child Care Providers,” December 11, 2023