Written Testimony to the House Subcommittee on Early Childhood,
Elementary, and Secondary Education
"Child Care and The American Workforce: Removing Barriers to Economic Growth"
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Good morning Chairman Kiley, Ranking Member Bonamici, and members of the committee. Thank you for inviting me to testify before the subcommittee and for holding a hearing on this very important topic. I have spent the past 25 years working to increase access to high-quality early learning settings and programs and recently served as the Director of the Department of Health and Human Services (HHS) Office of Child Care (OCC) for the Biden-Harris Administration, where I oversaw the $12 billion federal child care program known as the Child Care and Development Block Grant (CCDBG) or the Child Care and Development Fund (CCDF) as well as the $53 billion in supplemental child care funding provided in response to the COVID pandemic.

As Director, I spoke often with providers, state agencies, tribes, and territories to learn about the child care challenges parents and they were facing and the solutions they sought. They told me repeatedly how vital the American Rescue Plan Act child care stabilization program was in saving the child care sector during the pandemic. It is clear those temporary investments kept programs from closing and that the supplemental funding helped delay or slow many of the problems we saw before the pandemic and are seeing magnified today. But they also made clear that the current child care situation is untenable for families and providers alike.

Put simply, parents can't find or afford the child care they need, and providers can't charge high enough fees to stay afloat or pay staff enough to keep them. Parents should have the freedom to go to work knowing their children are safe, happy, and learning while in the care of others. They should have reliable and affordable choices that meet their families' needs. But we are far from that reality, and it is harming the wellbeing of millions of children and families, hurting businesses, and slowing America's economic growth.

We have a real child care crisis in our country, and it is getting worse. There are three main, interrelated problems fueling the crisis:

> First, there isn't enough child care to meet the demand, so families struggle to find care that fits their work hours and family needs. Half of families live in a child care desert where the need for child care greatly outnumbers available spots. Child care for infants and toddlers, care appropriate for children with disabilities, care in rural areas, and care during non-traditional work hours is particularly scarce and difficult for families to find.

Second, child care is really expensive for families. In almost all states, families pay more for child care than housing or food and the cost of child care is rising faster than inflation. Having one infant in a center-based program generally costs more than in-state college tuition. The high prices strain family budgets, increase debt for some, reduce savings for others, reduce the quality of family life and their general wellbeing, and can lead to underemployment or unstable employment.

And third, providers—most of whom are small businesses - are struggling to stay afloat and stay staffed because they can't afford to pay staff enough to keep them and meet the rising costs of rent, utilities, insurance, and everyday goods. Essentially, child care providers strain to keep their doors open because parents can't afford the true cost of care, so providers charge them less than they would need for stable operations. Recruitment and retention of child care workers has long been a challenge, but it has become particularly acute. I hear repeatedly from providers that they are losing staff to places like Costco and fast food, where the salary and benefits are better. Providers tell me that as wages in other jobs have increased, they can't keep enough staff to be fully enrolled and have had to close some classrooms or close their doors altogether as a result. You can see it in the data as well. For example, in Virginia, child care employment levels fell by 18% between 2019 and 2023 and by 40% in Pennsylvania over the same time period.

There is no doubt the child care crisis is hurting families. When parents have access to the reliable affordable child care they need, they are more likely to work, they work more hours, and family income rises. But it is a struggle to secure affordable and reliable child care, and nationwide, the lack of affordable child care for just infants and toddlers costs parents $78 billion in lost earnings. There also can be a real toll on American family life. Both the expense and the stress of managing child care arrangements take a toll. Some parents are forced to cobble together a myriad of informal arrangements and others struggle to pay bills or get ahead. Managing complex child care arrangements and child care bills increases parent stress and decreases wellbeing. There is some evidence that instability in child care arrangements is associated with more behavior and developmental problems in children. And the lack of enough high-quality child care means we are missing making the most of a critical period of brain development.

Likewise, the child care crisis also hurts state economies and local businesses. Small business owners report that their own and their employees' child care issues are a barrier to business growth, earnings, and productivity. It's estimated that nationwide, businesses suffer $23 billion in lost productivity each year because of child care gaps and barriers. The U.S. Chamber Foundation looked at this issue in about a dozen states and found alarming costs to state economies due to the lack of child care in both small and big states. For example, they found that employee absences and turnover due to child care problems cost Utah employers about $1.1 billion each year and that child care gaps led to an annual loss of $5.5 billion for Ohio's economy.

So why are we in this situation and what should we do about it?

The root of the child care crisis is that we are relying on the private market to solve a problem it cannot. The market doesn't provide enough child care to meet family needs because slim profit margins, rising costs, and competition for staff have made the business model increasingly untenable. Providers' costs are mainly from labor because child care is inherently labor intensive work. Young children need adult attention and care to be safe and to support their healthy development and learning. Providers can't address the workforce shortage without improving compensation and providers can't charge parents rates that allow better compensation or stable operations because that would require significant tuition hikes and parents are already maxed out.

The CCDF program – while extremely impactful and important – is neither funded nor designed to fix the scope of the child care problems we are discussing today. The Head Start program and the Preschool Development Grant funding are likewise important in keeping the crisis from being bigger than it is, but they also aren't funded or intended to address the scope of the problem we are facing nationwide.

For all families to have the reliable affordable care they need and for businesses to have the reliable workforce they need, will require significant new federal and state investments directed at the fundamental problems I outlined. Unless this country addresses staff compensation and builds a stable supply and range of child care options, we will not have enough affordable child care. The clear success of pandemic-relief funding in stabilizing the child care sector and lowering costs for families is a reminder of what is possible when Congress invests robustly in child care and early learning. Building on that success with significant long-term public investment is the best solution. In recent years, Ranking Member Scott and Senator Murray have led the way with a clear vision for the type of transformational child care reform American families need. An approach like the Child Care for Working Families Act takes the necessary steps to adequately build child care supply and reduce parent costs. It would be transformative for American families, eliminating child care as a barrier to the workforce and child care bills as a barrier to economic security and wellbeing. Ultimately, it would give parents much more freedom to raise their families and be productive members of society.

Recent proposals to tinker with child care in the tax code will not solve the child care crisis because current proposals leave out many families, aren't big enough to truly tackle parents' costs, don't address the child care workforce shortage, and don't effectively address the low supply.

Loosening state adult-child ratios and lowering health and safety standards, which are sometimes offered as a solution to high child care prices, also will not get families what they need. First, parents are very clear they don't want their children warehoused by untrained individuals. In addition, there is no evidence that child care regulation drives down supply. In fact, providers say that some deregulation can lead to hikes in liability insurance which actually increase their costs. That doesn't mean states shouldn't look at their regulations to make sure they are right-sized to lower barriers to child care business operations. But child health, safety, and development shouldn't be risked and deregulation is not a silver bullet to lower prices.

I would like to close by highlighting three Washington actions that will make the child care crisis even worse for American families:

First, the House reconciliation bill will make it worse on a few different fronts. Reconciliation is going to exacerbate the child care workforce shortage which will in turn reduce the availability of child care. Medicaid expansion helped drive down the rate of uninsured child care workers. Child care workers in states that expanded Medicaid to low-income adults have nearly four times more likely to be insured compared to the non-expansion states. So reducing access to health care and food assistance will make it even harder for child care workers to remain in their jobs. Second, the cuts to Medicaid and SNAP to millions of families would further limit their ability to pay for child care. And the bill also would put the squeeze on state budgets which means their current child care investments will be at serious risk.

Second, in my time as Director of OCC, we worked to further strengthen the CCDF program so it, including passing an important regulation lowered costs for participating families and that finally aligned CCDF rules with federal statute and requiring states to use generally-accepted payment practices to child care providers. This reform makes it easier for providers to serve families with subsidies, helps stabilize child care operations, and increases parent choice in child care arrangements. These rules benefit not just the children receiving CCDF subsidy but millions more families who don't, by helping put providers on more stable footing. The current political leadership at HHS have indicated to some stakeholders they plan to repeal the 2024 rule and do so without public notice and comment. If true, it would make it harder for providers to serve families with subsidies, increase costs for families, and decrease parent choice in child care, and it would be a terrible mistake. In addition, HHS has stated they will change regulations without public notice and comment. Public notice and comment is a process HHS has used for more than 50 years to help ensure federal regulations are designed with input from parents, providers, and other experts outside Washington, and getting rid of that important public process is wrongheaded and is sure to lead to regulations that harm children, families, and providers.

Finally, despite the fact that Congress just recently gave the Office of Child Care the resources it needed to appropriately support and monitor the CCDF program, DOGE dictates pushed out about half of federal Office of Child Care staff. Without adequate staffing to implement and oversee the CCDF program, these important dollars will not go as far or do as much and ultimately child care will be less safe, harder to find, and more expensive. In addition, DOGE-directed cuts to contracts also led to the recent cancellation of a technical assistance center that supported state data system integration improvements that would make child care assistance less burdensome for families, providers, and states. This national center for state child care agencies was launched by OCC specifically at the request of state child care agencies, and ending it means losing the opportunity for more efficient program implementation.

I thank the Chairman for holding this hearing. Federal CCDF, Head Start, and Preschool Development Grants have been extremely effective helping families lucky enough to participate but they are not designed or funded to address the scope of the problem at hand. There is no doubt that our current system of parent-funded child care fails families, hurts businesses, and harms America’s economy. This is a solvable problem but will require transformative commitment to America’s families.