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Elementary, and Secondary Education**

**U.S. House of Representatives Subcommittee Hearing: Supporting Working Families:
State-Led Child Care Solutions**

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Chair Kiley, Ranking Member Bonamici, and Members of the Subcommittee, thank you for your invitation to participate in this important hearing. My name is Hanna Melnick, and I am the Director of Early Learning Policy at the Learning Policy Institute (LPI). LPI conducts and communicates independent, high-quality research to improve education policy and practice. Working with policymakers, researchers, educators, community-based organizations, and others, we seek to advance evidence-based policies that support empowering and equitable learning for each and every child.

I am honored to be here today to discuss state-led child care solutions to support working families and their children. Along with my colleagues at LPI, I have been deeply engaged in researching the current state of early care and education in our country, identifying evidence-based and promising practices, and working with policymakers to implement these practices across states.

Today in my testimony, I will discuss the importance of early care and education, by which I mean any care setting for a child prior to kindergarten entry. I will then discuss the barriers families face to accessing high-quality care, as well as state approaches to break through these barriers. I will conclude with considerations for how the federal government can work with states to take promising practices to scale.

The Importance of High-Quality Early Care and Education

Early care and education is foundational for supporting children's healthy learning and development, as well as the well-being of families, employers, and our economy.

For children

Evidence overwhelmingly shows that quality early learning from birth to age 5 is critical for ensuring that children start kindergarten ready to succeed. Well-designed and well-implemented programs can foster meaningful academic gains as well as long-term benefits such as lower rates of special education placement, reduced grade retention, and higher achievement and high school graduation rates.¹ High-quality early care and education also has the potential to narrow

achievement gaps, as vulnerable populations of young children, including children from low-income backgrounds and dual language learners, gain the most from the experience.²

Rigorous cost-benefit analyses find that high-quality early care and education programs provide a high return on investment, with estimated returns of \$2 to \$17 for every dollar invested.³ Long-term evaluations of early care and education programs—including programs such as Head Start—help us understand why we see those returns. Impacts of programs persist into important early adulthood outcomes such as high school graduation, years of schooling completed, earnings, and reduced crime and teen pregnancy.⁴

For families

Families across the country face challenges with affordability, and the cost of early care and education has become one of families' largest household expenses.⁵ The increases in the cost of child care have considerably outpaced other family expenses such as housing, groceries, or other household items, more than doubling in three decades. For example, the average annual price of child care was \$13,184 in 2025—a 23% increase in just 4 years.⁶ This cost is 10% of the median two-parent household income and 33% for the median single parent. These costs place significant strain on families' budgets, and about half of working parents (48%) report difficulty in finding an arrangement that meets their cost expectations.⁷

In addition to cost, many families struggle to find programs that meet their needs based on logistical constraints such as program hours and schedule as well as location.⁸ An estimated 46% of America's children live in a census tract where licensed care is not available, or there are more than three children for every licensed slot.⁹

When early care and education is unavailable or too costly, parents must make a difficult choice: pay for care that they cannot afford, reduce employment, or stop working altogether, further reducing their household income. Each year between 2021 and 2024, more than 1 in 10 parents of children aged 5 and younger reported having to quit a job, decline a job offer, or significantly change their job because of child care challenges.¹⁰

For the economy

A lack of child care negatively impacts employers and national productivity. In a survey fielded by the U.S. Chamber of Commerce, 1 in 3 businesses felt that child care issues factored a great deal into loss of productivity among employees.¹¹ In fact, child care challenges are estimated to cost employers \$38 billion annually in reduced productivity.¹² Combined with families' lost income from child care challenges, insufficient child care costs the U.S. an estimated \$172 billion annually in lost earnings and productivity. The early care and education sector as it exists today also holds a substantial employment footprint in our economy, supporting almost 2.2 million jobs in 2022.¹³

Federal Early Care and Education Programs

The federal government plays an important role in supporting states in making high-quality programs accessible for all children, particularly children from low-income families. For example, it funds Head Start and Early Head Start, the Child Care and Development Block Grant, and early intervention and preschool special education through the Individuals with Disabilities Education Act. Head Start and Early Head Start programs reached over 700,000 children nationally in 2024, and 1.6 million children received subsidies through the Child Care and Development Block Grant (CCDBG) in 2023.¹⁴ The federal government also funds the Preschool Development Grant Birth through Five (PDG B–5), a competitive grant program authorized as part of the bipartisan Every Student Succeeds Act. This fund helps states to plan for expansion of high-quality care and support quality across states.

Yet each of these federal programs is limited and reaches only a small fraction of children and families in need. For instance, only 27% of eligible children participate in Head Start preschool, and 11% of eligible children participate in Early Head Start.¹⁵ Only 16% of eligible children receive funding from CCDBG.¹⁶ Additional federal funding would be needed to expand access to the millions of children who currently do not have access, despite being eligible.

Barriers to Expanding Early Care and Education

Several barriers face families' access to early care and education, including lack of funding for tuition, inadequate supply of licensed care, inadequate support for program quality, and challenges recruiting and retaining a qualified workforce.

Funding and Supply

Research suggests that increasing funding for subsidies can, in some cases, increase supply: For example, one study showed that an investment of \$100 per child in a subsidy program increased the supply of licensed child care providers by 4%.¹⁷

However, increasing total child care funding alone will not always be sufficient to ensure an adequate supply of high-quality care. A report by the National Academies shows that most states reimburse child care providers well below federal recommendations for adequacy.¹⁸ Providers' costs continue to rise rapidly, meaning that the per-child reimbursement rate is often too little to cover their cost of doing business.¹⁹ When providers cannot cover their costs, they exit the field.²⁰

Program Quality

Another key issue is whether the quality of existing child care supply is adequate to meet children's needs. There is growing consensus that program quality matters greatly for children's outcomes, whether the setting is called child care or preschool. High-quality programs have several components, including rich interactions among children and adults that are supported by small class sizes and ratios; a developmentally appropriate system of standards, curriculum, and assessment; and a well-qualified workforce.²¹ Yet the nation's early care and education programs

vary greatly in their quality standards, and families with lower incomes tend to have access to lower-quality programs.²²

Workforce

Workforce challenges present another barrier to quality early care and education. Having a qualified teacher with specialized knowledge and skills is associated with stronger outcomes for children.²³ However, early care and education programs across the nation struggle to recruit and retain qualified educators due to low wages and challenging working conditions. Child care and preschool educators, who are disproportionately women of color, earn a median wage of \$13 an hour nationally. This is well under half of the wages of K–12 educators. Forty-three percent of early educators rely on public assistance to make ends meet, and 22% are food insecure.²⁴ This puts a high level of stress on educators, which is passed on to the children they teach and exacerbates turnover.²⁵ A lack of qualified educators is a key challenge in expanding access to keeping child care providers' doors open.

Impact of Recent Federal Actions on Early Care and Education

New changes to federal policies may make this landscape even more challenging for working families and their children. One example is recent cuts to health and food safety net programs, including Medicaid and the Supplemental Nutrition Assistance Programs (SNAP).²⁶ These cuts have a direct economic impact on families, for whom child care and health care are competing costs. This will also directly impact the early care and education workforce, of whom 16% rely on SNAP and 23% on Medicaid.²⁷

Cuts may also disrupt states' capacity to maintain or build on current investments in early care and education as they backfill a loss of federal funds. Many states are already in a tough place fiscally since federal relief funding for child care expired. For example, Texas's child care subsidy program for low-income families will serve 14,000 fewer children due to federal funding cuts.²⁸ Similarly, in Washington, state legislators cut nearly \$60 million for the state's preschool program amid federal funding cuts and tighter state funding.²⁹ Other states like Indiana and Arkansas have made significant cuts to per-child rates for child care to address funding gaps.³⁰

Disruptions to federal child care payments have additionally impacted providers across the country due to policies put in place by this administration. For example, Missouri reported that 53% of providers in the state experienced delays in federal funding due to additional verification requirements.³¹ The Administration also threatened to freeze \$10 billion in child care and family assistance funds for five states—California, Colorado, Illinois, Minnesota, and New York.³² Although the freeze was halted by a federal judge, disruptions exacerbated uncertainty in an already unstable field and led to increased costs, service delays, and staff turnover.³³

Recent regulatory actions may continue to impact the quality and availability of child care. For example, the recent rescission of Child Care Development Fund regulations removes rules intended to boost the supply of care and make it more affordable. While the rescission's

justification was to provide states with flexibility, it may have the effect of constraining affordable care.³⁴ More recently, the Department of Health and Human Services proposed a regulation that would rescind hundreds of evidence-based standards for Head Start related to both quality and health and safety, including standards related to group size and child-adult ratios, program duration, bilingual instruction, professional development for staff, and eligibility processes for children experiencing homelessness, affecting program quality.³⁵ These changes are on top of the Department of Health and Human Services rescinding regulations that would have led to increased pay for Head Start teachers.³⁶

The total effect of these federal policies will likely pose significant challenges to families as states try to expand the supply of high-quality care.

State Innovations

Despite this challenging backdrop, many states are prioritizing preschool and child care.³⁷ The greatest progress has been made in extending preschool access to 4-year-olds, with substantially less progress in infant and toddler care.³⁸ However, a small number of states have innovated in ways that could inform federal efforts to expand access to high-quality early care and education for birth through age 5.

Universal Access: New Mexico and Vermont

New Mexico has recently made headlines for making child care universal. In November 2022, more than 70% of New Mexicans voted to make early childhood education universally accessible and created a right to child care in the state constitution. Child care will be funded via the state's Land Grant Permanent Fund—an endowment built from oil and gas royalties and leases on public lands.³⁹ This fund will allow New Mexico to sustain and build on expansion started by temporary federal dollars from the American Rescue Plan Act, which were used to offer free child care to families earning up to 400% of the federal poverty level.⁴⁰ Expansion started in 2023, rolling out grants to more than 250 providers to expand access, increase the length of the day, and boost teacher pay.⁴¹ Demand for the program has been high, with more than 6,000 newly eligible families enrolling in just 4 months. The expansion has been so rapid that the state had to draw down federal funds this year to continue expansion as planned.⁴²

Another state leader in child care is Vermont. In June 2023, Vermont enacted Act 76, which created a payroll tax to fund universal child care. The law aims to invest \$125 million annually in Vermont's child care sector, largely to increase the rates the state pays providers on behalf of subsidized families and to expand who qualifies for that subsidy.⁴³ Under Act 76, income eligibility for child care financial assistance has risen in stages. Currently, families earning up to 575% of the federal poverty level may receive subsidies, with the lowest-income families having no co-pay.⁴⁴ Early evaluations have linked the combination of higher provider payment rates and expanded eligibility to a modest net increase in the supply of licensed child care in the state, with more program openings than closures in the first several quarters after implementation.⁴⁵

The extent to which these models can be replicated and sustained in other states is an open question. New Mexico’s model depends on natural resource wealth that most states simply do not have, while Vermont’s payroll tax took over a decade to put in place.⁴⁶ While both states examples show the broad popularity of child care reforms and how they may be enacted, a steady federal funding stream is likely needed to bring these reforms to other states.

Expanding Quality Through Professional Development: Alabama

Alabama offers an example of how states can build upon federal investments in child care quality. Alabama has already made quality the hallmark of its state preschool program for 4-year-olds, which has some of the strongest quality standards in the nation, bolstered by a robust professional learning system that provides instructional coaching to teachers.⁴⁷ Using funding from the federal Preschool Development Grant and the Early Head Start–Child Care Partnership Program, Alabama has extended that same coaching infrastructure and professional development to infant and toddler teachers in select sites.⁴⁸ Specifically, it provides coaching in select sites that have state preschool and infant and toddler care, as well as a subset of child care and home-based providers that participate in the state’s voluntary quality rating and improvement system.⁴⁹ Coaching has been critical, since infant and toddler teachers typically receive far less training and little to no paid planning time. Alabama built paid planning and reflection time into program schedules so that educators have time to develop their work.⁵⁰

Alabama’s birth-to-three coaching initiatives, while strong, have yet to reach the scale of its preschool program, which benefits from an 8% quality set-aside. Extending Alabama’s approach to a much larger and more fragmented population of infant and toddler providers—many of them small, independently operated programs outside the PreK system—remains a work in progress, a reminder of the importance of sustainable funding.

Compensating the Workforce: Virginia and North Carolina

Some states have also funded innovative efforts to raise the compensation of the early care and education workforce. These efforts have led to documented success in stabilizing the early care workforce and thus have important implications for federal policy.

Virginia shows that raising child care compensation even a small amount can help stabilize the workforce. Virginia’s Teacher Recognition Program began in 2019 as a pilot in Fairfax County, offering incentive payments of around \$1,500 annually to early educators working full time for at least 8 months. A randomized study comparing educators who received the incentive with those who did not found that turnover among participating teachers was cut in half, from roughly 30% to 15%. Effects were largest for educators with the lowest pay.⁵¹ Given the pilot’s success, Virginia scaled it into a permanent statewide initiative, RecognizeB5, reaching about 16,000 teachers by 2024–25.⁵² Notably, the statewide expansion was run almost entirely with federal COVID-19 recovery dollars, which expired in September 2024. Virginia’s legislature then kept it

alive for one more year with a one-time \$20 million state appropriation, but no state or federal funding was dedicated to the program this year, leaving it to be phased out despite its success.⁵³

North Carolina's Child Care WAGES program is a longer-running state example of how to use incentives to help increase the qualifications of the workforce and retain them in the field. Operating since 1994 through local Smart Start partnerships, WAGES provides education-linked salary supplements—ranging from about \$450 to \$6,250 per educator per year who complete 6 months of teaching in the same program. Larger supplements have been tied to higher levels of teacher education, resulting in higher educator qualifications.⁵⁴ The program has consistently shown lower turnover among participants than in the field as a whole and increased levels of teacher education.⁵⁵

Both programs suggest that interventions to pay teachers more and incentivize training can be successful. However, neither of these efforts has reached statewide scale. In North Carolina, WAGES has never had the funding to operate in all of the state's counties, and advocates note that available supplements have not kept pace with the cost of living or with the scale of turnover the field is experiencing.⁵⁶ These challenges underscore the need for ongoing federal support.

The Federal Role in Expanding Access to High-Quality Care

While states are taking important steps toward increasing access to early care and education, state resources are limited, and more is needed to reach all children and families. The federal government plays a critical role in setting a bar for quality and providing funding for access. It needs to double down on these efforts. Federal policymakers should therefore take the following steps to make high-quality programs affordable and accessible for working families,⁵⁷ and many related ideas are included in current federal legislation.⁵⁸

1. Increase federal funding for access to child care and preschool.

The federal government should expand access to affordable child care by increasing funding for child care grants to states. Funding should be sufficient to allow subsidies for all families under 150% of their state's median income, with no family paying more than 7% of their income. In addition to capping family payments, federal policymakers should also require that when states distribute child care funds to providers, payments reflect the true cost of running a high-quality program.

Further, federal child care funding should support providers' financial stability by ensuring that states have sufficient funding to pay providers at the full cost of care, since current reimbursement rates in most states are too low. The federal government should also consider reinstating the 2024 federal regulations for the Child Care Development Fund that would have promoted providers' financial stability.⁵⁹

Finally, the federal government should provide funding for states to expand their existing preschool programs for a full day—both Head Start and state preschool programs. Extending the preschool day is important for working families.

2. Support and fund high levels of quality in early care and education programs.

National studies show that programs do not have the resources and staffing they need to provide quality learning environments, especially in programs serving children from low-income families and in family child care and unlicensed settings.⁶⁰ One way to raise quality would be for the federal government to set higher health and safety requirements under CCDBG and fund programs accordingly. Current requirements are minimal—for example, states set their own standards for group size, staff-to-child ratios, and staff qualifications. The federal government should set a minimum standard for group size and adult-child ratios, for example. Child care funding should be significantly increased to ensure that programs receive adequate funding to meet these standards.

Another step that the federal government can take to support quality in its child care programs is to maintain the existing Head Start Program Performance Standards. Despite a large body of evidence showing that quality matters for children’s outcomes, the proposed federal rule threatens to lower the quality of Head Start services in many ways.⁶¹ For example, it would allow more children per adult; allow programs to run for fewer hours; prohibit teaching in children’s native language despite research-based benefits; eliminate professional development requirements for teachers; and make enrollment more difficult for children experiencing homelessness.⁶²

Finally, the federal government could support quality by increasing early educators’ access to instructional coaching, which has been linked to improved child-teacher interactions, less teacher burnout, and increased teacher retention.⁶³ Coaching is currently an allowable use of funds in CCDBG, but access is limited, especially in community-based organizations and family child care homes. The federal government could consider creating a set-aside within CCDBG dedicated to supporting high-quality coaching.

3. Improve early educator compensation.

Well-prepared educators are at the heart of early care and education programs.⁶⁴ Given that the current workforce is already dramatically under-compensated for the job demands,⁶⁵ increased pay and benefits are critical components to supporting educator quality. One key lever for supporting salaries is providing adequate funding for federal programs, including CCDBG and Head Start, to cover the true cost of care, including better compensation for educators. Further, the federal government can provide sufficient funding to Head Start programs to enable Head Start educators to be paid at a minimum at parity with kindergarten teachers in local public schools.⁶⁶ Finally, the federal government should reverse cuts to public assistance programs like Medicaid on which our underpaid early educators currently rely.⁶⁷

Conclusion

High-quality early care and education is critical both for children's development and their families' ability to work. Access to quality care benefits the economy and society. State leaders across the country are making progress in improving access to high-quality child care, but as this testimony has shown, even the most promising state innovations are limited in their ability to scale. This is not a failure of state leadership, but rather evidence of a broken market and an area that would benefit from strong federal partnership. Congress should support and build on what we know works by increasing investments in access, maintaining and strengthening quality standards, and supporting a strong and well-compensated workforce. This would help ensure a long-term durable foundation for the millions of children and families who depend on high-quality early care and education.

Thank you for this opportunity to testify, and I welcome your questions.

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