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United States Senate Committee on Health, Education, Labor and Pensions
Child Care and Preschool: Cutting Costs for Working Families
Tuesday, March 22, 2022
10:00 a.m.
Testimony by Rhian Evans Allvin, Chief Executive Officer,
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Chairwoman Murray, Ranking Member Burr and Members of the Committee:

It is an honor to be with you today to talk about why child care and preschool are linchpins driving the health and vitality of our nation and our economy. The proof is everywhere we look. Just this month, 48 percent of American workers said that child care is the issue keeping them out of the workforce.[1] According to another recent study, both men and women face a 7 percent wage penalty for taking time away from the workforce due to challenges with child care.[2] On a broader scale, a lack of investment in child care is costing our country $57 billion each year in lost earnings, productivity, and revenue.[3] And that doesn't even count the reality that nearly half of early childhood educators earn so little for their skilled and valuable work that they rely on public benefits to make ends meet, at a steep cost to their own families, as well as state and federal governments.[4]

These statistics are shocking, but they also illustrate the reality families are living every day even while policymakers continue to debate the value of public investments in early childhood education after decades of evidence that they are proven to work. We know those investments increase labor force participation, reduce costs for families, keep the doors of small businesses open, and save the government money over time. And they help prepare the next generation for success in school, society, and life. American voters know this, too–nearly 70 percent say that taking action to ensure working families have access to affordable, high-quality child care and early learning programs should be a priority this year.[5]

As a parent and as the CEO at the National Association for the Education of Young Children (NAEYC), I can tell you that child care is a defining economic issue, for families and for our country. NAEYC has the

[1] Pew Research Center, published March 9, 2022. Retrieved online: [The Great Resignation: Why workers say they quit jobs in 2021 | Pew Research Center]

[2] Payscale. 2022 State of the Gender Pay Gap Report. Retrieved online: https://www.payscale.com/research-and-insights/gender-pay-gap/

[3] Ready Nation, Council for a Strong America. "Want to Grow the Economy? Fix the Child Care Crisis." January 2019.

[4] Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/

[5] First Five Years Fund. Voters Overwhelmingly Support Federal Investments in Child Care and Pre-K. September 2021.

honor of being the professional membership organization that works to promote high-quality early learning for all young children, birth through age 8. The association comprises nearly 60,000 individual members and 52 Affiliates across the country. NAEYC early learning program accreditation is considered the highest mark of quality, accrediting more than 6,000 early childhood programs, including the child development centers operated by the Department of Defense.

Since 1999, when the National Academies released their groundbreaking report, *Neurons to Neighborhoods*, our understanding of the economic and scientific imperatives that support high-quality early childhood education have grown exponentially. During the first five years of life, a child's brain is growing at the fastest rate it will grow during the human lifespan. All future learning and development will build on these early years, as the foundation for a child's cognitive, social and emotional, language, health and physical well-being is established. The public dollars we invest during these years lead to substantial fiscal returns over generations, estimated at up to $16 for every $1 invested–as long as we ensure that infants, toddlers, and preschoolers are in child care centers, family child care homes, faith-based programs, and schools that maximize their development and learning while their parents work.

Yet despite more than 20 years of evidence and data attesting to the benefits of investing in high-quality early childhood education, our nation's progress has been limited. Quality early learning settings remain scarce and unaffordable. Parents pay more for child care than public in-state college tuition, yet still don't have real choices. And early childhood educators, who primarily are women and women of color, are earning poverty-level wages that undermine their complex work. No other field that holds the science and economic evidence of early childhood education faces these untenable conditions—especially when action can be taken to resolve them.

Relief Helps

Federal and state relief funds have provided critical support for stabilizing child care programs, the bulk of which are small businesses, and prevented a worse outbreak of permanent closures. In a recent NAEYC survey, 92% of respondents whose programs had received stabilization funds said that the grants helped their program stay open.[6] They used the funds to increase compensation, pay off debt, and help families save money on child care costs. Yet relief is, by definition, short-term, and was not intended to resolve the systemic challenges and persistent underfunding that have plagued the child care market for decades.

The Status Quo is Not Enough

Enacted in 1990 to address some of the challenges that are still with us, the Child Care and Development Block Grant is a foundational and critical program. Yet more than 30 years later, only 1 in 9 eligible children is being served. At the same time, the cost of early childhood education to American families has risen more than twice the rate of inflation. Our history is clear: the public investments in child care have been modest, and there is a seismic gap between what we spend as a country and what it will take

[6] NAEYC. *Saved But Not Solved. America's Economy Needs Congress to Fund Child Care*. February 2022. Retrieved online at: www.naeyc.org/pandemic-surveys

to give parents real options, create a floor of safety and quality for all families, and attract and retain well-compensated early childhood educators.

But we have an opportunity to close that gap, to align the scope of the solution to the depth of the challenge.

Urgent Action is Needed

A federal investment in child care and preschool provided through reconciliation is the path right now towards achieving the impact that families and our country need. Every data point, survey result, and story, such as those that you'll hear from providers today and those that educators and families share with you and each other in meetings, town halls, parent listservs, and grocery store aisles, speaks to a child care industry whose collapse has been only delayed by federal relief. Our country cannot risk finding out what happens when the 16,000 programs that have already closed in the pandemic become 60,000 programs;[7] when the 100,000 child care jobs that already have been lost become half a million;[8] when the third of educators who say they are planning to leave or close their program this year actually walk away.[9] It would be catastrophic. That is the economic necessity and urgency in acting. These investments cannot wait until another day and time.

And the public does not want them to. The $400 billion investment in child care and preK outlined in Senator Murray's most recent proposal rightly posits and reflects what the American public believes– that child care and preschool are as critical to our nation's future as addressing the climate crisis, the exorbitant costs of prescription drugs, and our dilapidated roads and bridges.

These investments recognize that child care is a defining economic issue. This is not a rural problem or an urban problem but an American problem. We are at an urgent and critical inflection point, and the challenges are deep. However, they are also solvable, and Congress can solve them. The proposed investments build on what works in a way that supports the existence of high-quality child care options in every community and setting, including large and small centers, family child care homes, and faith-based programs.

Key Pillars for Investment

We have learned a lot in the last twenty years–and especially in the last two years. These financing pillars are clear and necessary:

1. **Child care must be more affordable.** Ensuring families pay no more than 7% of their income creates a sliding scale that meets families' individual budgets.

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[7] Child Care Aware of America. *Demanding Change: Repairing Our Child Care System.* February 2022. Retrieved online at: [Demanding Change: Repairing our Child Care System]

[8] Center for the Study of Child Care Employment, "Child Care Sector Jobs: BLS Analysis," February 7, 2022, https://cscce.berkeley.edu/child-care-sector-jobs-bls-analysis/

[9] NAEYC. *Saved But Not Solved. America's Economy Needs Congress to Fund Child Care*. February 2022. Retrieved online at: www.naeyc.org/pandemic-surveys

2. **Child care must be financed at scale.** If it is not, families will continue to experience the unresolvable tensions and tradeoffs between affordability, accessibility and quality, and the compensation structures won't exist to recruit and retain a qualified workforce.
3. **Preschool and child care provisions must remain aligned.** Bifurcating a system by age band and setting undermines all that we know about how the marketplace works, how families make choices and how the system is financed.
4. **Cost models that drive the distribution of funds must be based on the cost of care.** Subsidies need to account for a variety of factors, including wages, enrollment of children, and fixed costs in order to provide the stability and predictability that are required for child care employers to confidently invest in quality and their workforce.
5. **While the public sector must finance the system, the delivery of care must remain in the marketplace.** Different families need different solutions, and they must have real options that include family child care, faith-based settings, public schools, community-based settings, Head Start and private providers.
6. **Strong and straightforward accountability systems need to be in place to ensure the increased investment is reaching early childhood educators.** These systems don't need to be complex but they do need to be insistent that increased taxpayer dollars get to early childhood educators' salaries through their employers.

This is the moment for our nation to finally align the financing of early childhood education with the expectations we have for the outcomes of that system, much like our global competitors have. The only way that will happen is for the federal government to lead the way by addressing high-quality early childhood education–child care and preK–birth through age five. States and employers will follow suit, families will no longer need to make false choices between quality and affordability, and early childhood educators will finally have compensation that aligns to the science of early learning.

Thank you and I look forward to your questions.