

**Testimony of Julie Kashen
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Before the

**U.S. Senate Committee on Health, Education, Labor and Pensions
Hearing on Child Care and Preschool: Cutting Costs for Working Families**

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Chair Murray, Ranking Member Burr, and members of the committee. Thank you for holding today's hearing. I'm Julie Kashen, Director of Women's Economic Justice and a Senior Fellow at The Century Foundation. We are an independent think tank that conducts research, develops solutions, and drives policy change to make people's lives better. I am also a former Senate HELP Committee staffer and I am a mom. My son will be eight soon. Our child care challenges remain fresh in my mind. It's a pleasure to be here with you to talk about cutting child care and preschool costs for working families.

What could be more fundamental to American communities than how we care for our children? Picture the newborn snuggling with her mom. Imagine a baby smiling at his dad for the first time, a teacher reading *The Very Hungry Caterpillar* to her pre-K class or the joy when a toddler makes her first friend in a child care classroom. Think about the power of the love and the bonds that parents have with their children and that teachers, grandparents, and other caregivers share. We are here today to talk about not only why we must prioritize caring for children as a core shared American value, but also as an imperative for equitable economic growth.

Lowering Costs for Families

Let's start with the reality that Americans are struggling with inflation. Families with young children are now facing rising prices of necessities, along with the out of reach and skyrocketing child care prices the economy has experienced for decades. Over the past thirty years, child care prices have risen more than [twice](#)

[the rate of inflation—faster than the price of food, housing, and other items.](#)¹ The pandemic has accelerated these trends, with [child care inflation exceeding annual inflation in 2020 by nearly 4 percent.](#)²

Most parents need child care at a time when they can least afford it because they are early in their career. This has particular impacts for families of color due to, at least in part, ongoing systemic and structural inequities that perpetuate overrepresentation of communities of color in jobs paying lower wages, the ranks of those experiencing higher unemployment rates, and families living below the federal poverty level. Unlike college tuition, which is also too expensive, parents don't have eighteen years to plan and save. To access child care, families are forced either to pay an amount [equivalent to that for college tuition, rent, or a mortgage](#), put together patchwork solutions that create instability for their work lives and for their children, or be one of the fortunate few who receive child care assistance.³

Meanwhile, [staffing shortages in the early care and education sector](#) will continue to put upward pressure on prices as child care businesses will have to raise wages to attract early educators—or go out of business.⁴ Even before the pandemic wreaked havoc on the child care sector, data from the Center for American Progress showed that more than half of families with young children live in a child care desert (a census tract where there are more than three times as many children as licensed child care slots). [Two-thirds live in infant and toddler child care deserts.](#)⁵

Without intervention, safe, nurturing, stable, reliable child care and early education will be out of reach for all but the wealthiest of families. The vast majority will

¹ Derek Thompson, “Why Child Care Is So Ridiculously Expensive,” *The Atlantic*, November 26, 2019, <https://www.theatlantic.com/ideas/archive/2019/11/why-child-care-so-expensive/602599/>.

² Child Care Aware of America, “Demanding Change: Repairing Our Child Care System,” February 2022, <https://www.childcareaware.org/demanding-change-repairing-our-child-care-system/#Affordability>.

³ Ibid.

⁴ Elliot Haspel, “There’s a massive child-care worker shortage and the market can’t fix it,” *Washington Post*, May 26, 2021, <https://www.washingtonpost.com/business/2021/05/26/child-care-center-worker-shortage/>.

⁵ Steven Jessen-Howard, Rasheed Malik, and MK Falgout. “Costly and Unavailable: America Lacks Sufficient Child Care Supply for Infants and Toddlers,” Center for American Progress, August 4, 2020, <https://www.americanprogress.org/article/costly-unavailable-america-lacks-sufficient-child-care-supply-infants-toddlers/>.

continue to struggle to make it work, cobbling together makeshift solutions that create stress, instability and challenges for them, their employers and their children. Some will be forced to leave the workforce altogether or reduce their work hours, causing long-term negative impacts on lifetime earnings, retirement security and career advancement.

Jessica Morrison and her husband Jason live in Pennsylvania with their two-year-old son and six-year-old daughter. Jessica works full-time as a social worker. Jason cares for their kids during the day and drives for Uber and Lyft on nights and weekends because they cannot find or afford child care. Trading off child care “shifts” in this way causes an immense amount of stress and limits their income as well as their ability to spend time together as a family. When their son was about eight months old, Jessica’s husband had the opportunity to take a well-paying job he was excited about. They scrambled to find child care, but after running into long waitlists, low availability, and high costs Jason had to turn down the job offer.

Prices are too high for most parents to afford; yet the amazing early educators, who are primarily women and disproportionately women of color, are significantly underpaid for the valuable and complex work they do. The long history of black women as caregivers is rooted in inequity and created the foundational racial, gender, and economic inequities that are reflected today through the devaluation of the child care and early education profession. Because of their low pay, early educators are often unable to afford care for their own children.

For example, when Jessica Flook from Portland, Oregon, became a mother three years ago, she began looking for employment outside of the child care industry—where she’d worked for nearly a decade—because it did not pay well enough to afford child care herself. Since leaving that job, she has not found affordable child care that meets her family’s needs and has been home with her son. She plans to wait to get a job until her family qualifies for assistance or her son is in public education.

Similarly, [BriTanya Bays](#) of Stamford, Texas, was working as a child care and preschool director while she was pregnant with twins. When she realized she couldn’t afford to enroll her own children at the center where she worked, even part-time, she left and started her own in-home child care program.

The tremendous gap between what parents pay, and what early educators earn, is a product of a failed market. It cannot be solved on its own. The federal government must step in with sustainable, long-term investments through reconciliation.

We have seen that when the federal government acts, it matters. The COVID-19 relief dollars Congress spent to help stabilize the child care sector and support families likely helped save [more than 3 million child care spots](#).⁶

This funding was necessary because the child care sector and families with young children have been hit especially hard by the COVID-19 pandemic and ensuing economic crisis: parents—especially moms—have faced labor market disruptions alongside child care and schooling disruptions. This is the first time families have had to endure two disruptions of this magnitude hitting at the same time, with the same rapidity. This deeply impacts families living on low incomes and families of color due to historic and ongoing economic and racial inequity and has a ripple effect into businesses as well, causing additional disruptions.

And while the COVID-19 relief funds have helped, the sector is still missing the 16,000 programs that have closed down⁷ and [more than 100,000 child care jobs](#) that have not returned.⁸ Families are still struggling, and after two years of a pandemic in which women—especially women of color—bore the brunt of the care responsibilities without support while still working full-time jobs, or the job losses from the sectors in which they disproportionately work, we cannot allow the situation to merely return to its dire, unacceptable status quo.

Essential Elements of Federal Child Care and Pre-K Investments

⁶ Julie Kashen and Rasheed Malik, “More Than Three Million Child Care Spots Saved by American Rescue Plan Funding, The Century Foundation, March 9, 2022, <https://tcf.org/content/commentary/three-million-child-care-spots-saved-american-rescue-plan-funding/>.

⁷ Child Care Aware of America, “Demanding Change: Repairing Our Child Care System,” February 2022, <https://www.childcareaware.org/demanding-change-repairing-our-child-care-system/#Affordability>.

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/>.

The pandemic brought unprecedented attention to this unacceptable status quo. This is why parents, early educators, business leaders, child care providers, small business owners, grandparents, and economists have come together in support of the child care and pre-kindergarten investments that Chair Murray and colleagues have put forth for the economic package.

Some will say that we already have a child care policy in place. I want to address that. The Child Care Development Block Grant (CCDBG) serves working families with low incomes, but has never been resourced adequately enough to even reach a small fraction of those families. The lack of resources has led to challenging tradeoffs in state policy decisions. These harmful trade-offs have disproportionately impacted Black and other communities of color—particularly those with the lowest incomes. Accordingly, gaping holes in coverage even for families with very low incomes remain. In 2019, just [one in nine young children](#) who were eligible for CCDBG actually received assistance through CCDBG. For families who do have access it is a lifeline for them—allowing them access to affordable and reliable care for their children while they work.⁹

However, most families in the United States are not included in CCDBG, and are left to struggle to find and pay for child care on their own. Even families who receive CCDBG assistance are often left with significant cost burdens, due to high copayments, and few child care options, because of low provider payment rates. And the lack of resources overall leaves child care providers struggling to keep their doors open and pay even poverty-level wages to their staff.

BriTanya Bays, mentioned earlier, takes child care subsidies under the current law, but despite her college degree and round-the-clock work, she is only reimbursed about \$2–\$3 an hour per child—forcing her into impossible choices between paying herself a salary and ensuring she has adequate toys, books and cleaning supplies.

In order to see the full economic and child development benefits of meaningful, long-term federal child care and pre-K investments, Congress must include in the reconciliation bill investments that reflect five principles:

⁹ Rasheed Malik, “The Build Back Better Act Substantially Expands Child Care Assistance,” Center for American Progress, December 21, 2021, <https://www.americanprogress.org/article/the-build-back-better-act-substantially-expands-child-care-assistance/>.

1. Guarantee assistance to every eligible family, including middle class families. The Democratic proposal would reach, on average, [sixteen times as many young children](#) as under current law. In Alaska, Louisiana, and Maine, it would help state child care agencies reach just over sixteen times as many children and families; in Indiana it's nineteen; and in Kansas, South Carolina, Utah, Wisconsin, Minnesota, Nevada, and Colorado, the proposal would reach more than twenty times those reached under current law.¹⁰
2. Lower child care costs for families. The Democratic proposal would lower costs by about [\\$5,000 a year per](#) family by ensuring the vast majority of families don't pay more than 7 percent of household income for child care, and by guaranteeing free child care for millions of the most under-resourced families. This will yield more than \$100 a week in savings for a typical family in Alaska, Colorado, Indiana, Kansas, Washington, and the majority of states.¹¹
3. Give every family the freedom to choose the care and early education for their children that works best for them, including during nontraditional work hours. This requires building the supply of high quality child care and prek options in diverse settings including centers, family child care, faith-based programs, Head Start and Early Head Start programs and pre-K programs in schools.
4. Invest in the workforce by providing higher compensation and training opportunities. This is also key to addressing the [child care staffing shortages](#) that threaten to further dismantle the child care sector. Providers must be paid in a way that supports lower costs for families and the ability to pay higher wages and invest in other quality measures.

¹⁰ Rasheed Malik, "The Build Back Better Act Substantially Expands Child Care Assistance," Center for American Progress, December 2, 2021, <https://www.americanprogress.org/article/the-build-back-better-act-substantially-expands-child-care-assistance/>.

¹¹ Rasheed Malik, "The Build Back Better Act Would Greatly Lower Families' Child Care Costs," Center for American Progress, September 22, 2021, <https://www.americanprogress.org/article/build-back-better-act-greatly-lower-families-child-care-costs/>.

5. Ensure all children have access to high-quality care that allows them to thrive and fosters their health, wellbeing and learning during the earliest years of foundational brain development.

It's Time for Action

Long before the pandemic, child care disruptions were a major challenge for businesses. The United States faces billions of dollars in economic productivity and revenue losses due to the lack of stable, reliable child care options.¹² A recent report I wrote in partnership with the Center for Economic Policy Research found that investing in child care and pre-K could mitigate more than \$60 billion in those business-related losses. As [Microsoft president Brad Smith](#) has pointed out: “we need to do more to help bring Americans back to work and one of the key ingredients that we see is that people can only come back to work if they have a way to take care of their children.”¹³

In addition, with some likely overlap with the \$60 billion estimate, our report found that investments in child care and pre-K could generate an annual \$48 billion in increased parental earnings from parents entering or reentering the labor force, and increasing their work hours. Just ask parents—especially moms—around the country what a difference meaningful choices of stable, reliable, affordable child care would make for them. And what not having it is doing to their families and careers.

Finally, not only would such investments mitigate the child care staffing shortages plaguing communities around the nation; the added jobs in child care and related sectors would yield an annual \$30 billion.

It is clear that failure to provide long-term investments in child care and pre-K will exacerbate inequities and hinder economic growth in both the short and long term.

¹² Sandra Bishop-Josef, Ph.D., Chris Beakey, Sara Watson, Ph.D., and Tom Garrett, “Want to Grow the Economy: Fix the Child Care Crisis,” Council for a Strong America and Ready Nation, January 2019, <https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>.

¹³ White House, “Remarks by President Biden at Build Back Better CEO Roundtable,” January 26, 2022, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/01/26/remarks-by-president-biden-at-build-back-better-ceo-roundtable/>.

Significant new investments through reconciliation are the only way forward. Funding determined annually through the appropriations cycle has never kept pace with the demand for child care or inflation, nor provided the certainty for states to serve families or expand the supply of child care and early learning options over the long run.

As the COVID-19 relief funds run out and child care providers risk going out of business, children experience increased instability on top of the pandemic-related challenges they are just beginning to recover from, business disruptions increase, parents struggle, and communities around the nation feel the weight of all these burdens combined. Congress has the opportunity right now to make child care work for millions of Americans.

While Congress has difficult choices to make in the coming weeks, parents and caregivers of young children have no choice. If they can't get child care they can't go to work. Period. It's time to treat child care and pre-K investments like what they are: as essential to economic growth as infrastructure or energy.