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United States Senate Committee on Health, Education, Labor and Pensions
Solving the Child Care Crisis: Meeting the Needs of Working Families and Child Care Workers
Wednesday, May 31, 2023 at 10:00 am

Testimony by Lauren Hogan, Managing Director of Policy and Professional Advancement
National Association for the Education of Young Children (NAEYC)

Chairman Sanders, Ranking Member Cassidy and Members of the Committee:

It is a privilege to be with you today, as a parent myself, and on behalf of the 60,000 early childhood educators and allies who are members of the National Association for the Education of Young Children (NAEYC). Together with our 51 state and local Affiliates across the country, NAEYC has the honor of being the professional membership organization promoting high-quality early learning for all young children, birth through age 8. We work towards an early childhood education workforce that is valued and supported across all states, with all ages, and in all settings, including child care centers, family child care homes, faith-based programs, and schools. I'm honored to have the opportunity today to share stories from and about this workforce and show how our nation's undervaluing of them has led to the child care crisis that is impacting families in every state and community – and further, to talk about how we can solve it and help families, children, educators, businesses, and our economy thrive.

Early childhood educators are the linchpin driving both quality and supply in child care and early learning.[i] Together with families, they share responsibility for building the relationships that help ensure children have a strong foundation, which supports all their learning and development. And they are successful, proven by decades of evidence and data attesting to the benefits of investing in high-quality early childhood education and educators, which are felt both immediately, and over generations.[ii]

However, these same early childhood educators – primarily women and often from communities of color – who make it possible for so many others to have the jobs they need, are earning poverty-level wages that undermine their own skilled, complex, and valuable work.[iii] Research confirms that better-paid teachers provide better-quality care, and yet even before the pandemic, nearly half of early childhood educators earned wages so low that they had to access public benefits in order to make ends meet.[iv] At the same time, parents of young children pay more for child care than public in-state college tuition, yet – with more than half living in a child care desert[v] – still don't have real choices. Without available and affordable quality child care, businesses struggle to hire the skilled and talented workers that are needed to support the economy, and a lack of investment in child care for infants and toddlers alone costs our country $122 billion each year in lost earnings, productivity, and revenue.[vi]

These realities are simultaneously true because child care is a textbook example of a market failure, the constraints of which mean that families can't afford the cost of care, while early childhood programs (in centers and in family child care homes) can't raise wages or provide benefits sufficient to compete with other employment options, because they cannot pass more costs along to families.[vii] This means they can't effectively recruit or retain staff, which in turn means that too many people leave programs or close family child care homes, and not enough people come in. That, in turn, means fewer people are available to provide the care and education that families and children need across all states and in all communities, which means child care becomes a scarce—and therefore increasingly expensive—resource. Costs go up for families, options dwindle, and quality moves further out of reach. This is the cycle we are experiencing, and without significant federal help, it will continue to worsen.

In order to talk more fully about this crisis – where it came from, how child care relief helped, and what's needed to solve it – I'd like you to join me in imagining a deep, unfilled hole in the ground, surrounded by quicksand. Where there should be strong and secure scaffolding to keep the hole from collapsing, there are only rickety sticks. Each morning, early childhood educators and parents of young children walk up to opposite sides of the hole, holding the hands of young children, trying to keep from sinking into the quicksand. They look to each other across that deep, unfilled chasm, created by a lack of sufficient public funding for child care, and think about how they can possibly build the connecting bridge that supports children who are safe, happy, healthy, and learning.

Sometimes, the educator – owner of a family child care home, director of a child care center – tries to build the bridge on the quicksand, across the hole, by maxxing out her personal credit card to pay her assistant and cover rent, as Amanda in California had to do. Some months, she forgoes salary, as Sheila in Tennessee did, or is away from her own young children to cover staffing shortages early in the morning and late in the evening, like Jordyn in Maine. A family child care provider in Iowa starts accessing her social security early to cover the costs of running her program. Maggie in Georgia – speaking on behalf of directors everywhere – talks about how one of her best teachers needs a raise, up from $11/hour, the average for providers in the state, as around the country. But where the retail store down the street can pay that, along with health insurance, Maggie can not. So the teacher leaves, even though everyone, children and families included, desperately wishes she could stay.

Sometimes, when there are no other options and the quicksand threatens to pull the entire program under, the program raises tuition or reduces hours. Then, parents who already paying more than they can afford to build their part of their bridge, sink a little deeper into the quicksand on their side. As Leah in Washington says, "It's almost impossible to run a household on one income these days, and having one person stay home hasn't been an option. We have paid over $15,000 a year for child care for our kids. And no matter which way we slice it, we are barely making it." Or a parent in Arizona, who explains, "Most places had long waiting lists, and things were a little tense as we waited for an opening. My son was getting too heavy for my elderly mother and I was concerned that her hearing problems would affect her ability to care for her grandchild. Finally, there was an opening, but…the cost of child care is more than my mortgage and I'm already concerned that they will close or raise their rates."[viii]

For decades, every day has been like this; for so many families, so many educators, with impacts on so many children and consequences for employers, businesses, and the economy. And then, the pandemic hits, and alongside the panic and crisis of having to close and reopen programs, navigate illnesses, and reassure families and children, *child care relief funds start to arrive.* In addition to waiving or limiting copayments for families and increasing eligibility so more families can get the help they need, all 50 states set up stabilization grant programs, responsive to the needs of their communities and designed to ensure much-needed funds equitably and efficiently reach programs and educators. In North Carolina, a total of 4,379 child care programs received $276.8 million from Stabilization Grant funds for staff compensation and bonuses, leading to a $2 to $3 hourly increase in wages and bonuses totaling between $2,000 and $3,500.[ix] In Alaska, $51 million was awarded to approximately 446 child care businesses. Three out of every four states increased provider payment rates, and many made policy decisions to build the supply and retention of the workforce by investing in scholarships and apprenticeships; providing access to paid leave, health insurance, and child care benefits; and expanding shared services models, substitute pools, and family child care networks.[x]

Overall, these grants have been a saving grace for the 220,000 child care programs – reaching up to 10 million children and their families – who received them.[xi] We know that's true because NAEYC asked them, over the course of seven surveys since March 2020.[xii] Here are just a few things we also know about how the stabilization grants have worked to support providers so that they can support children, families, and businesses:

- 92% of child care programs said the grants helped keep their program open, and one in every three said their program would have closed permanently without them.
    - This number rises for family child care (FCC) providers; 40% of FCC providers who received the grants said their program "would be closed without the support."
- Half of survey respondents indicated that they had received more money from a wage increase or supplement in the last year; and those who worked in programs receiving stabilization grants were twice as likely to report an increase than those who did not.
    - Again, this number rises for family child care providers: FCC respondents who received stabilization grants were three times more likely to have reported a wage increase than FCC respondents who did not receive stabilization grants.
- 300,000 new child care slots have been created, and the number of licensed child care centers today exceeds the number open pre-pandemic, which, as Child Care Aware of America says, suggests that the relief funding "didn't just keep the sector afloat, but allowed it to recover and grow."[xiii]

With these relief funds, the early childhood educators and parents who walk up to the edges of that deep hole with their children every morning, have felt the ground beneath their feet get a little stronger, a little more stable. The unfilled hole is still there, and the scaffolding is still rickety, and they still have to build the bridge, but the quicksand isn't threatening to pull them under at the same time. "It's not the only solution," says Nicole, a child care center director in New Jersey, "but stabilization grants are one thing that has been greatly appreciated and helping. I pray they will continue."

Unfortunately for Nicole, and educators everywhere, many states have exhausted their funds or are in final payment stages. To the extent any state has relief funding left, the money has been obligated and plans are in place to use those funds so they can be fully spent by their respective deadlines. As stabilization grants end, educators and parents at the edges of the hole can feel the quicksand coming back, even stronger and faster than before. As Kishauna, a family child care provider in Iowa tells us, "The grants were helpful but we have nothing left. We have no idea where the money is coming from going forward." She and thousands of other programs are warning us about the consequences. For example:

- 43% of child care center directors and 37% of family child care (FCC) providers said that when stabilization grants end, their program will be forced to raise tuition for working parents.
    - As a child care center director in Louisiana says, "We would like to keep our staff working for higher pay. But after the end of the stabilization grants, the increase will need to be passed on to our families. We really don't want to do this but will have no choice. Higher pay for our staff is a must in order to keep the numbers where they are in our center."
- 22% of child care center directors said their program will lose staff while 19% of FCC providers said their program will have to serve fewer children.

- 27% of child care center directors and 29% of FCC providers said their program will cut wages or be unable to sustain wage/salary increases.
- Only 13% of FCC respondents could say that their program "will be fine" when stabilization grants end.

"When the stabilization grants for compensation end," says one North Carolina center director, "my center will be in critical condition. Staffing issues are major barriers to the operation of my center. I am currently unable to hire enough staff to fill the slots that I am licensed for. The result is that I can't serve children in my community who need child care. I have talked to my current staff and it is most likely that the majority of them will leave my center and the profession if there is not a solution which extends the grants."

All small businesses understand the importance of continuity and the challenges of uncertainty. This is a climate of extreme uncertainty – and fears for the future are playing out in the present. Educators keep walking away; one in every three respondents to NAEYC's last survey indicated that they were considering leaving their job or closing their family child care home.

As educators leave programs seeking their own economic security, turnover increases, transitions become more challenging for children and programs, and parents and providers grow desperate. A child care center director in Tennessee told us that they were hiring people now that they never would have interviewed before the pandemic. Given all we know about the science of early learning, and the protections needed to support children's health and safety, these kinds of last-resort decisions should worry us all. Child care program directors, owners, and operators – knowing now what stronger ground can feel like, wearied by the ever-growing bridges they need to build and the ever-shrinking pool of resources they can draw upon to build them – are wondering how long they can go on.

Providers and parents may feel like they are failing, but the reality is that the market has failed them, and correcting the imbalances underlying this market failure requires government intervention. Such intervention will not restrict individual choices but will enhance them. If Congress does not step in with subsidized funding at sufficient scope and scale to support and strengthen our nation's child care system – as it does with other industries, from banking to telecom to energy to agriculture – the result won't lead to more or better options for families. It will lead to fewer options, and worse ones.

This is the time to recognize that child care is a public good that requires public investment. Bipartisan increases to the Child Care and Development Block Grant, bipartisan investments at the state and local levels, and Congressional support for child care relief has demonstrated that when Congress funds child care and early learning – when you meet the needs of both families and educators – good things happen.

Building on that foundation, we urge Congress to act, both by making immediate investments to stabilize the quicksand beneath the feet of educators, families, and children, and by making the substantial, sustainable investments needed to strengthen the scaffolding and fill the market-failure sized hole in the child care system. This means supporting every state with sufficient and predictable funding and flexibility that allows them to:

1. **Finance the true cost of care** and simultaneously address affordability, accessibility, quality, and compensation.
2. **Invest in the education and compensation of early childhood educators** so they can recruit and retain a qualified workforce across settings.

3. **Make child care more affordable for families** so that families pay no more than 7% of their income in a sliding scale format that meets families' individual budgets.
4. **Support infants, toddlers, and preschoolers in a comprehensive, mixed-delivery system** because 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.

It is necessary and possible to address the interconnected challenges of access, affordability, and quality in child care and early learning. It is necessary and possible to reinforce the benefits of a strong mixed-delivery system that ensures parents have real choice in determining whether to rely on care, and what setting best meets their needs. Child care is not a rural, suburban, or an urban problem; not a Democratic, Republican, or Independent problem – but an American problem. Our nation is at an urgent and important inflection point, and it is true that the hole is deep, the scaffolding is rickety, the quicksand is strong, and parents and educators can't build the bridge by themselves. Thankfully, we know federal investments in child care work, and so Congress can – and must – make them before it is too late. Thank you very much.

Endnotes and Resources

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[viii] Quotes drawn from MomsRising via https://www.momsrising.org/stories
[ix] NC-Stabilization-Funds-Provider-Survey-Findings-FINAL-4.18.pdf (childcarerrnc.org)
[x] Administration for Children and Families. Examples of State & Local ECE Workforce Recruitment & Retention Strategies. Retrieved online at: https://www.acf.hhs.gov/ecd/appendix-dear-colleague
[xi] Administration for Children and Families. May, 25, 2023. COVID Investments in Child Care: Supporting Children, Families, and Providers. Retrieved online at: https://www.acf.hhs.gov/occ/infographic/covid-investments-child-care-supporting-children-families-and-providers
[xii] All NAEYC ECE Field survey briefs, including state-by-state data and deep-dive briefs focused on family child care programs, and programs serving infants and toddlers, are available at www.naeyc.org/ece-workforce-surveys
[xiii] Child Care Aware of America. 2023. Catalyzing Growth: Using Data to Change Child Care. Retrieved online at: https://info.childcareaware.org/media/catalyzing-growth-22-data

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Summary of Testimony

Lauren Hogan, Managing Director of Policy and Professional Advancement
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During Ms. Hogan's testimony, she will share stories from and about the early childhood education workforce and show how our nation's undervaluing of them has led to the child care crisis that is impacting families in every state and community. Further, she will talk about how we can solve this crisis and help families, children, educators, businesses, and our economy thrive. Key points will include:

- Early childhood educators are the linchpin driving both quality and supply in child care and early learning.
- As a result of the nation's failure to adequately invest in high-quality child care and early learning over the years, children are not getting what they need; families are paying more for child care than for housing, if and when they can find and access that care; and the workforce is paid so little that nearly half live in families that depend on public assistance.
- Child care is a textbook example of a market failure, and insufficient public funding has created a deep hole, with rickety scaffolding, surrounded by quicksand. Educators and parents have been trying to work together to build a bridge across the hole, but they are struggling because they are anchored in quicksand.
- Child care relief funds didn't fill the hole, but they stabilized the quicksand. They have been a saving grace for 220,000 programs, reaching up to 10 million children and their families, and showing that when Congress funds child care and early learning, good things happen (i.e., programs stay open; providers receive increased wages and benefits; families save money on child care costs; and more families got the help they needed).
- But as stabilization grants end, the consequences will be dire, with programs forced to raise tuition for families and cut wages for educators. One in every three educators say they are considering leaving their program or closing their family child care home.
- Correcting the imbalances underlying the child care market failure requires government intervention – not to restrict individual choices but to enhance them. Subsidized funding at sufficient scope and scale is needed to support and strengthen our nation's child care system to create more and better options for families.
- Congress must (a) make immediate investments ensure the quicksand beneath the feet of educators, families, and children remains stabilized and (b) make the substantial, sustainable investments needed to strengthen the scaffolding and fill the market-failure sized hole in the child care system. This means supporting every state with sufficient and predictable funding and flexibility that allows them to:
    - Finance the true cost of care
    - Invest in the education and compensation of early childhood educators across settings
    - Make child care more affordable for families
    - Support infants, toddlers, and preschoolers in the context of a comprehensive, mixed-delivery system that works for programs and ensures quality options exist for families

Biography, Lauren Hogan

Lauren Hogan serves as the Managing Director of Policy and Professional Advancement at the National Association for the Education of Young Children (NAEYC). She joined the organization in 2015 as the Senior Director for Public Policy and Advocacy and has grown a portfolio that includes federal and state policy and advocacy, higher education accreditation, professional recognition, and applied research. With a strong and diverse team, Lauren has developed and led NAEYC's non-partisan early childhood policy agenda with a keen focus on shared leadership, capacity building, innovation, and equity, while centering the voices of early childhood educators across states and settings.

Prior to joining NAEYC, Lauren served as the Vice President of Programs and Policy at the National Black Child Development Institute. She began her career working with an after-school program at the Louisville Urban League in Louisville, Kentucky and later served as the director of an early literacy and family support program in Cambridge, Massachusetts. She has also served as a Rappaport Public Policy Fellow in the Department of Social Services in Boston, MA.

Lauren earned a bachelor's degree from Yale University and a Master's degree in public policy from the Harvard Kennedy School.