

CHILD CARE AND THE AMERICAN WORKFORCE: REMOVING BARRIERS TO ECONOMIC GROWTH

HEARING

BEFORE THE

SUBCOMMITTEE ON EARLY CHILDHOOD,
ELEMENTARY, AND SECONDARY EDUCATION
OF THE

COMMITTEE ON EDUCATION AND
WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

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C O N T E N T S

Hearing held on June 24, 2025	Page 1
-------------------------------------	-----------

OPENING STATEMENTS

Kiley, Hon. Kevin, Chairman, Subcommittee on Early Childhood, Elementary, and Secondary Education	1
Prepared statement of	3
Bonamici, Hon. Suzanne, Ranking Member, Subcommittee on Early Childhood, Elementary, and Secondary Education	4
Prepared statement of	6

WITNESSES

Codella Low, Caitlin, Managing Director of Human Capital, Bipartisan Policy Center	8
Prepared statement of	11
Barton, Todd D., Mayor, City of Crawfordsville, Indiana	15
Prepared statement of	16
Friedman, Dr. Ruth J., Senior Fellow, The Century Foundation	23
Prepared statement of	25
Sims, Celia Hartman, President and Founder, The Abecedarian Group	29
Prepared statement of	32

ADDITIONAL SUBMISSIONS

Ansari, Hon. Yassamin, a Representative in Congress from the State of Arizona:	
Report by Marshall Plan for Moms, titled “The Business Case for Child Care—How Parent-Focused Employee Value Propositions Help Companies Win the War for Talent”	51
Scott, Robert C. “Bobby”, a Representative in Congress from the State of Virginia:	
Report dated May 1, 2025, from americanprogress.org, titled “A Path Forward on Child Care Regulation—Differentiating Between Harmful Deregulation and Helpful Reform”	75

QUESTIONS FOR THE RECORD

Responses to questions submitted for the record by:	
Dr. Ruth Friedman	102

CHILD CARE AND THE AMERICAN WORKFORCE: REMOVING BARRIERS TO ECONOMIC GROWTH

Tuesday, June 24, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY,
AND SECONDARY EDUCATION
COMMITTEE ON EDUCATION AND WORKFORCE,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:19 a.m., in Room 2175, Rayburn House Office Building, Hon. Kevin Kiley (Chairman of the Subcommittee) presiding.

Present: Representatives Kiley, Miller, Thompson, Owens, Moylan, Mackenzie, Harris, Messmer, Walberg, Bonamici, Hayes, Lee, Mannion, Adams, Ansari, and Scott.

Staff present: Vlad Cerga, Director of Information Technology; Dara Gardner, Einstein Fellow; Wilson; Amy Raaf Jones, Director of Education and Human Services Policy; Libby Kearns, Press Assistant; Audra McGeorge, Communications Director; Eli Mitchell, Legislative Assistant; Alexis Morgan, Intern; Ethan Pann, Deputy Press Secretary and Digital Director; Ian Prince, Professional Staff Member; Kane Riddell, Staff Assistant; Carl Rifino, Intern; Brad Thomas, Deputy Director of Education and Human Services Policy; Ali Watson, Director of Member Services; James Whittaker, General Counsel; Sayda Bir, Minority Intern; Ilana Brunner, Minority General Counsel; Nichole Dumlao, Minority AIPACS Intern; Rashage Green, Minority Director of Education Policy & Counsel; Caroline Guo, Minority Intern; Alexandra Walker, Minority Intern; Vivian Wiggins, Minority Intern; Stephanie Lalle, Minority Communications Director; Raiyana Malone, Minority Press Secretary; Marie McGrew, Minority Press Assistant; Veronique Pluviose, Minority Staff Director; Banyon Vassar, Minority Director of IT.

Chairman KILEY. Good morning. The Subcommittee on Early Childhood, Elementary, and Secondary Education will come to order. I note that a quorum is present. Without objection, the Chair is authorized to call a recess at any time.

Child care is essential to helping working parents thrive, and our local economies grow. At the same time, child care can be exceedingly expensive, and the cost is only climbing. According to a 2024 data analysis by Child Care Aware of American, my home State of California has the third highest cost of infant care in the country.

\$22,628 annually for center-based care. U.S. Department of Labor data from 2022 demonstrates that families spend between

8.9 and 16 percent of their median income on full-day care for one child. One analysis of 2024 costs found the national average price of care be \$13,128.

I think most parents would agree this is simply unsustainable. While cost is one obstacle, so is access. Using 2019 data, the Bipartisan Policy Center calculated the first known estimate gap in child care, that is roughly 11 million children needed child care, but the national supply only created 7.8 million slots, creating a 31.2 percent child care gap.

The child care and development block grant is the Federal program governing child care programs for low-income working families. The block grant program exists to help working families access affordable childcare, giving them the freedom to remain in the workforce, and increase their economic opportunity, one solution to the problem of childcare affordability and access.

Choice is a pillar of the program. Giving parents the freedom to make both lifestyle and economic decisions that best meet their individual family's needs. When choice is limited, either circumstantially through a lot of childcare slots as rural areas disproportionately feel, or because grants and contracts are given priority over family decisionmaking.

Those families and our economy suffer. Worker support is another pillar of the block grant program, with multifaceted economic benefits. Child care helps parents remain in the workforce, which meets the needs of American industry in light of a national workforce participation rate that is currently just 62.4 percent, according to the Bureau of Labor Statistics.

The work requirements of the block grant program also help parents and families grow their economic opportunity, and realize financial freedom, often helping low-income families move beyond the need for a Federal safety net and thrive independent of government support.

Together, families, businesses, and our communities see boost to economic growth as a result. The block grant program is a great support for those least likely to access and afford child care, but it alone cannot solve the problem most parents in America feel.

As I mentioned earlier, child care can be very expensive to provide, plain and simple. The highest standards of health, safety and caregiver to child ratios are necessary to provide for the needs of our children, and given parents peace of mind, but they come at a significant cost.

There is also a threshold beyond which parents can just no longer afford to pay for care, which explains why some parents, particularly moms, have to leave the workforce to the detriment of our businesses, local economies and the families themselves.

The differential between the cost of providing care, and what parents can afford is so vast that no one entity can provide all the needed resources, including the Federal Government. We do not have to look back too far to see clear proof of this. During and after the COVID pandemic, the Federal Government provided unprecedented funding to the child care sector.

All told, pandemic-era legislation increased regular child care block grant funding by nearly 300 percent. While this additional Federal spending of taxpayer dollars may have kept childcare pro-

viders open, it actually seemed to have done little to address the affordability and sustainability of the childcare market.

Costs to families are still exorbitant. Providers are fighting for their needed workforce, a significant care gap remains, and employers see the affect a lack of childcare has on their business. The only reasonable approach to addressing the affordability and sustainability challenges facing the childcare sector is through public-private partnership.

Many examples exist throughout the country, and today we are privileged to hear testimony from policy experts and State leaders who are tackling this economic challenge head on. From statewide initiatives to local investments, to much needed policy reforms. We can inform and encourage our communities to think creatively about modernizing our childcare sector for affordable and sustainable solutions.

With that, I yield to the Ranking Member for an opening statement.

[The prepared statement of Chairman Kiley follows:]

STATEMENT OF HON. KEVIN KILEY, CHAIRMAN, SUBCOMMITTEE ON EARLY
CHILDHOOD, ELEMENTARY, AND SECONDARY EDUCATION

Child care is essential to helping working parents thrive and our local economies grow.

At the same time, child care can be exceedingly expensive, and the cost is only climbing.

According to a 2024 data analysis by Child Care Aware of America, my home state of California has the third highest cost of infant care in the country—\$22,628 annually for center-based care.

U.S. Department of Labor data from 2022 demonstrates that families spend between 8.9 and 16 percent of their median income on full-day care for one child. One analysis of 2024 costs found the national average price of care to be \$13,128.

I think most parents would agree this is simply unsustainable.

While cost is one obstacle, so is access. Using 2019 data, the Bipartisan Policy Center calculated the first known estimate of the national gap in child care: roughly 11 million children needed child care but the national supply only created 7.8 million slots, creating a 31.2 percent child care gap.

The Child Care and Development Block Grant is the federal program governing child care programs for low-income working families. The block grant program exists to help working parents access affordable child care, giving them the freedom to remain in the workforce and increase their economic opportunity—one solution to the problem of child care affordability and access.

Choice is a pillar of the program, giving parents the freedom to make both life-style and economic decisions that best meet their individual family's needs. When choice is limited—either circumstantially through a lack of child care slots, as rural areas disproportionately feel, or because grants and contracts are given priority over family decision making—those families and our economy suffer.

Worker support is another pillar of the block grant program, with multifaceted economic benefit. Child care helps parents remain in the workforce, which meets the needs of American industry in light of a national workforce participation rate that is currently just 62.4 percent according to the Bureau of Labor Statistics. The work requirements of the block grant program also help parents and families grow their economic opportunity and realize financial freedom, often helping low-income families move beyond the need for a federal safety net and thrive independent of government support. Together, families, businesses, and our communities see boosted economic growth as a result. The block grant program is a great support for those least likely to access and afford child care, but it alone cannot solve the problem most parents in America feel.

As I mentioned earlier, child care can be very expensive to provide—plain and simple. The high standards in health, safety, and caregiver to child ratios are necessary to provide for the needs of our children and give parents peace of mind but they come at a significant cost. There is also a threshold beyond which parents can no longer afford to pay for care, which explains why some parents—particularly

moms—have to leave the workforce, to the detriment of businesses, local economies, and families.

The differential between the cost of providing care and what parents can afford is so vast that no one entity can provide all the needed resources, including the federal government. We do not have to look back too far to see proof of this. During and after the COVID pandemic, the federal government provided unprecedented funding to the child care sector. All told, pandemic-era legislation increased regular child care block grant funding by nearly 300 percent. While this additional federal spending of taxpayer dollars may have kept child care providers open, it seems to have done little to address the affordability and sustainability of the child care market. Costs to families are still exorbitant, providers are fighting for their needed workforce, a significant care gap remains, and employers see the effect a lack of child care has on their business.

The only reasonable approach to addressing the affordability and sustainability of the child care sector is through public-private partnership. Many examples exist throughout the country. Today we are privileged to hear testimony from policy experts and state leaders who are tackling this economic conundrum head on. From statewide initiatives, to local investments, to much needed policy reforms, we can inform and encourage our communities to think creatively about modernizing our child care sector toward affordable and sustainable solutions.

Ms. BONAMICI. Thank you, Mr. Chairman, and thank you to the witnesses for being here today and bringing your expertise and experience. For years I have heard from parents with young children that have reliable childcare, that having reliable childcare makes all other work possible.

A majority of families with children under the age of 6 need some form of childcare, and in most households all of the adults are working. In fact, all available parents are in the workforce for about 69 percent of children under the age of 6, and of course when kids get older, they still need before and after school care, and extended learning opportunities, or they will have the gaps that really challenge families as well.

Despite this overwhelming need, childcare remains both expensive and scarce. It is something every witness here today included in their testimony, and in today's economy parents must all often juggle multiple responsibilities to make ends meet. Too many families today are struggling with higher prices at the grocery store, skyrocketing costs for healthcare and housing. Childcare is a necessity for the majority of American families with children, and in many places across the country it's more expensive than housing or in-State college tuition.

This forces families to make impossible choices. Do they pay for rent, utilities, food and healthcare, or do they pay for childcare? In too many cases families settle for lower quality care, or may decide to leave the workforce entirely, jeopardizing their financial stability and future opportunities for their children.

This issue is especially acute in my home State of Oregon where the hurdles are both supply and affordability. I speak with many Oregonians, often women, who are limited by the lack of access to childcare, but it is not just women, it is families and it is the business community as well.

Earlier this year, I held a town hall meeting in Clatskanie, which is a rural city about 1,700 people, very rural, where the Head Start Center is the only childcare available in the entire city. On Oregon's coast, the limited options for childcare prevent the coastal towns from expanding and thriving when families have to turn down jobs there because there is no childcare available.

The Oregon legislature created a childcare infrastructure fund in 2023 to help expand childcare options, but the funding is just a drop in the bucket compared to what is truly needed to meet the demand. The lack of affordable care limits opportunities, creates stress for families, and also holds back the economy. Childcare challenges for parents and caregivers and the workforce cost the economy an estimated 122 billion dollars each year in lost earnings, productivity and revenue.

Oregon alone loses about 1.4 billion dollars each year. These numbers reflect the missed economic potential, as parents, and particularly mothers, are forced to leave their jobs or reduce their working hours. When parents cannot work because they do not have reliable childcare, businesses lose skilled workers and the economy suffers.

Despite the high cost of childcare, care providers are also struggling. The early care and education workforce is overwhelmingly composed of women, particularly women of color. Childcare workers are among the lowest paid sectors, and many childcare providers have little or no access to other workplace benefits like healthcare.

It is unacceptable that the people who are caring for our Nation's youngest barely make a living wage, and have stability in their own lives. I have spoken with childcare workers who cannot afford childcare for their own children. The childcare workforce is essential to our society, yet their compensation does not reflect the importance of their work.

As Dr. Friedman included in her testimony, the root of the childcare crisis is that we are relying on the private market to solve a problem it cannot. I know the Chairman mentioned public private partnerships, and that is going to be part of the testimony today. That might work in some communities, but there are many communities in Oregon and across the country where they do not have the ability or resources to do that.

Without bold and sustained Federal investment, childcare costs will continue to rise, and the workforce that provides the care will continue to struggle. We know that investing in childcare helps address the needs of children, families and providers, and we also know that it is a good investment.

Thank you, Ms. Codella Low, who you wrote in your testimony that for every one dollar invested in early childhood programs, the return is up to \$17.00 in reduced need for public assistance, increased earnings, better educational outcomes. We know these programs work, yet we still struggle to fund them.

I am grateful that solving the childcare crisis is a bipartisan issue. Democrats and Republicans alike understand the importance of caring for our Nation's children.

We have bipartisan support for a 12.4-billion-dollar investment in the childcare development block grant. I have been working for years on a bipartisan basis. I do not know if Ms. Stefanick is here yet, we started working on the child and adult care food program years ago to streamline it and to update it.

I do need to point out that many of the policies that my colleagues in the majority are still supporting will make life harder, including policies in the Big, Ugly, Bill that will cut crucial programs like SNAP and Medicaid. These are programs that support

children, family, childcare centers, and the childcare workforce. Thousands, millions of children in this country get their health benefits from Medicaid and rely on SNAP.

Let us acknowledge that hurdles to fully fund childcare limits economic growth threatens employers and small businesses. It hurts working families and the early educator workforce, and because the early years are so critical to development, it hinders the ability of children to meet their full potential. Again, it is a good investment to invest in early childhood education.

It is undeniable that care is necessary for parents and the economy and the workforce, but it is also important for children. Quality childcare means not just having a place to park your kids during the day so you can go to work. Childcare is early learning and social and emotional development. It sets kids up for success for the rest of their lives.

Frankly, childcare is the best investment we can make in our future. We should invest in childcare. We have the Childcare for Working Families Act, and that would cap the cost of childcare at 7 percent of income, making it affordable for all parents, and also provide historic investments in the childcare workforce, including higher paid, better benefits and improved training opportunities.

This workforce is critical to doing the important work. Again, investing in child care is an investment in our Nation's future. We can and must enact policies that make childcare accessible, affordable and high-quality for every family. The cost of inaction is great, and families, workers, and the economy cannot wait any longer.

Thank you, Mr. Chairman. I look forward to the discussion and I yield back.

[The prepared statement of Ranking Member Bonamici follows:]

STATEMENT OF HON. SUZANNE BONAMICI, RANKING MEMBER, SUBCOMMITTEE ON
EARLY CHILDHOOD, ELEMENTARY, AND SECONDARY EDUCATION

Thank you, Mr. Chairman, and thank you to the witnesses for bringing your expertise and experience.

For years, I have heard from parents with young children that having reliable child care makes all other work possible. A majority of families with children under the age of six need some form of child care, and in most households, all the adults are working. In fact, all available parents are in the workforce for 69 percent of children under age six. Of course, when kids get older, they need before and after school care and extended learning opportunities, or they will have the gaps that really challenge families as well.

Despite this overwhelming need, child care remains both expensive and scarce; it is something every witness here today included in their testimony. In today's economy, parents must often juggle multiple responsibilities to make ends meet. Too many families today struggle with higher prices at the grocery store and skyrocketing costs for healthcare and housing. Child care is a necessity for the majority of American families, and in many places across the country, it is more expensive than housing or in-state college tuition.

This forces families to make impossible choices; do they pay for rent, utilities, food, and healthcare, or do they pay for child care? In too many cases, families settle for lower-quality care or may decide to leave the workforce entirely, jeopardizing their financial stability and future opportunities for their children.

This issue is especially acute in my home state of Oregon, where the hurdles are both supply and affordability. I speak with many Oregonians—often women—who are limited by the lack of access to child care. It is not just women, it is families and the business communities as well. Earlier this year, I held a town hall meeting in Clatskanie, which is a rural city of about 1,700 people, very rural, where the Head Start center is the only child care available for the entire city. On Oregon's coast, the limited options for child care prevent the coastal towns from expanding

and thriving when families have to turn down jobs because there is no child care available.

The Oregon legislature created the Child Care Infrastructure Fund in 2023 to help expand child care options, but the funding is just a drop in the bucket compared to what is truly needed to meet the demand.

The lack of affordable care limits opportunities, creates stress for families, and also holds back the economy.

Child care challenges for parents and caregivers in the workforce cost the economy an estimated \$122 billion each year in lost earnings, productivity, and revenue. Oregon alone loses \$1.4 billion each year.

These numbers reflect the missed economic potential as parents, particularly mothers, are forced to leave their jobs or reduce their working hours. When parents cannot work because they do not have reliable child care, businesses lose skilled workers and the economy suffers.

Despite the high cost of child care, care providers are also struggling. The early care and education workforce is overwhelmingly composed of women, particularly women of color. Child care workers are among the lowest paid sectors and many child care providers have little to no access to other workplace benefits, like healthcare. It is unacceptable that the people caring for our nation's youngest are barely able to make a living wage and have stability in their own lives. I have spoken to child care workers who can't afford child care for their own children.

The child care workforce is essential to our society, yet their compensation does not reflect the importance of their work.

As Dr. Friedman included in her testimony, "The root of the child care crisis is that we are relying on the private market to solve a problem it cannot." I know the Chairman mentioned public-private partnerships, and that is going to be a part of the testimony today. That may work in many communities, but there are many communities in Oregon and across the country where they do not have the ability to do that. Without bold and sustained federal investments, child care costs will continue to rise, and the workforce that provides this care will continue to struggle. We know that investing in child care helps address the needs of children, families, and providers. We also know that this is a good investment. Thank you, Ms. Codella Low. You wrote in your testimony that, "for every \$1 invested in early childhood programs, the return is up to \$17 in reduced need for public assistance, increased earnings, and better educational outcomes." We know these programs work, yet we still struggle to fund them.

I am grateful that solving the child care crisis is a bipartisan issue. Democrats and Republicans alike understand the importance of caring for our nation's children. We have bipartisan support for a \$12.4 billion investment in the Child Care and Development Block Grant. I have been working for years on a bipartisan basis. I do not think Ms. Stefanik is here yet, but we have been working on the Child Care Food program to streamline and update it.

I do need to point out that many of the policies that my colleagues in the majority are supporting will make life harder for everyone, including policies in the "Big Ugly Bill" that will cut crucial programs like SNAP and Medicaid, these are programs that support children, families, child care centers, and the child care workforce. Thousands, millions of children get their health benefits from Medicaid and rely on SNAP.

Let us acknowledge that hurdles to fully fund child care limit economic growth, threaten employers and small businesses, hurt working families and the early educator workforce, and, because the early years are so critical to development, hinder the ability of children to meet their full potential. Again, it is a good investment to invest in early childhood education. It is undeniable that child care is necessary for parents and the economy and workforce, but child care is also important for children.

Quality child care means not just having some place to park your kid during the day so you can go to work. Child care is early learning and social and emotional development. It sets kids up for success for the rest of their lives. Frankly, child care is the best investment we can make in our future.

We should invest in child care. We have the Child Care for Working Families Act, which would cap the cost of child care at 7 percent of income, making it affordable for all parents, and also provide historic investments in the child care workforce, including higher pay, better benefits, and improved training opportunities. This workforce is critical to doing the important work.

Again, investing in child care is an investment in our nation's future. We can and must enact policies that make child care accessible, affordable, and high-quality for every family. The cost of inaction is great, and families, workers, and the economy cannot wait any longer.

Thank you, Mr. Chairman. I look forward to the discussion, and I yield back.

Chairman KILEY. Pursuant to Committee Rule 8(c), all members who wish to insert written statements into the record may do so by submitting them to the Committee Clerk electronically in Microsoft Word format by 5 p.m., 14 days after this hearing. Without objection, the hearing record will remain open for 14 days to allow such statements and other extraneous material noted during the hearing to be submitted for the official hearing record.

I note that some of our colleagues who are not permanent members of the Subcommittee may be waiving on for the purpose of today's hearing. I will now introduce our witnesses.

Our first witness is Mrs. Caitlin Codella Low, the Managing Director of Human Capital for the Bipartisan Policy Center here in Washington, DC. To introduce our second witness, I would like to recognize the gentleman from Indiana, Representative Messmer.

Mr. MESSMER. Well, thank you, Chairman Kiley. It is my honor and privilege to introduce Hon. Todd D. Barton, Mayor of the city of Crawfordsville in the great State of Indiana. Mayor Barton has been an excellent leader of his community, and I am eager for him to share how they can apply the successes in Crawfordsville on a larger scale. With that, Mr. Chairman, I yield back.

Chairman KILEY. Thank you, Mr. Messmer. Our third witness is Dr. Ruth Friedman, a Senior Fellow for the Century Foundation, also here in D.C. Our fourth witness is Ms. Celia Hartman Sims, the President and Founder of the Abecedarian Group in Houston, Texas.

We thank the witnesses for being here today, and we look forward to your testimony. Pursuant to Committee Rules, I would ask that you each limit your oral presentation to a 3-minute summary of your written statement, as Committee members have many questions for you. The clock will count down from 3 minutes.

However, pursuant to Committee Rule 8-D, and Committee practice, we will not cut you off, cutoff your testimony until you reach the 5-minute mark. I would also like to remind the witnesses to be aware of your responsibility to provide accurate information to the Subcommittee.

I will first recognize Mrs. Codella Low for your testimony.

STATEMENT OF MRS. CAITLIN CODELLA LOW, MANAGING DIRECTOR OF HUMAN CAPITAL, BIPARTISAN POLICY CENTER, WASHINGTON, D.C.

Mrs. CODELLA LOW. Chairman Kiley, Ranking Member Bonamici, and members of the Committee, thank you for the opportunity to testify today. My name is Caitlin Codella Low, and I serve as the Managing Director of the Human Capital Program of the Bipartisan Policy Center.

Childcare is more than a family issue. It is a foundational component of our economic infrastructure. Providers are stretched thin, operating on razor thin margins with limited capacity to grow or improve quality without raising prices. Two thirds of families, according to BPC polling, are already paying the most they can afford.

This broken market is holding back families, businesses and our broader economy. Addressing it is a necessary step toward building a stronger, more competitive workforce. American families are not a one size fits all, they differ in geography, schedule, culture, income, and every day parents navigate complex decisions to do what is best for their children.

As a working mom of two small children, I know first-hand that there is no more personal or critical choice than deciding how and with whom your child will be cared for. At BPC, our national survey consistently shows that parents prioritize trust and flexibility when choosing childcare.

For some, that means center-based care. For others it is a neighbor, a relative, a home-based provider, and others staying at home with their child is the right decision for them. Federal policies should support, not limit, the choice parents must make. Childcare is not just a family issue. Childcare is a workforce issue, and a critical component to our economic infrastructure. Our economy loses more than 120 billion dollars every year due to breakdowns in the childcare system, from lost earnings, missed work, and reduced productivity.

Approximately 71 percent of all children under the age of 5 in the U.S. live in a household where all parents work. 58 percent of the parents report major disruptions in work because they could not find affordable, reliable childcare. Today, the average cost of childcare exceeds \$10,000 per child, and it is more than public child tuition in most states, more than the cost of rent in all 50.

Employers are paying the price. Childcare challenges lead to higher absenteeism, lower retention, and difficulty recruiting talent. For small business and frontline industries in particular, childcare is no longer a nice to have. It is a competitive necessity. If we want to grow our economy, close talent gaps, and build the best economy in the world, then childcare is not optional, it is essential.

The Federal Government has provided support for families through CCDBG and that funding is the cornerstone of our Nation's childcare system. This program has helped ensure parents are able to make ends meet and access the childcare that meets their needs. However, the system was last updated more than a decade ago, and that system must modernize to meet the needs of today's families.

BPC has long advocated for smart policy updates that can make the system stronger, and drive innovation. We believe targeted reforms can expand access, improve affordability, preserve family choice, while also strengthening the workforce and the economy.

Modernization should focus on enabling more parents to work and support multiple care options, recognize that childcare is essential infrastructure that underpins both today's labor force and the development of tomorrow's workforce. It is through that lens that the BPC has launched the Commission on the American Workforce to create a bipartisan strategy to strengthen the workforce, expand economic opportunity, and ensure the United States remains competitive.

Childcare is a critical component of the Commission's work because, as we have stated, without stable childcare for families, our

workforce and thus our economy breaks. Childcare is not just a personal decision. It is a national priority. It touches every part of our economy, and yet for far too many families our current system makes us feel like we are being asked to solve an impossible equation.

I often describe childcare as a three-legged stool, access, quality and affordability. Each leg essential and yet achieving all three at once remains elusive for most parents and equally challenging for policymakers. When one leg is missing, the whole system becomes unstable. Families, employers, and the broader economy are paying the price.

We have a responsibility to study that stool, and for smart policy and targeted reforms, and bipartisan cooperations, we can build a system that supports the workforce of today, and the workforce of tomorrow. The good news is there is bipartisan momentum, and I want to thank you all for your leadership on that.

The Bipartisan Policy Center stands ready to support the Committee in advancing practical, lasting solutions that reflect the needs of the workforce, and the economic demands, and we look forward to working with you. Thank you very much.

[The prepared statement of Mrs. Codella Low follows:]



**Testimony of Caitlin Codella Low
Managing Director, Human Capital
Bipartisan Policy Center**

**Child Care and the American Workforce: Removing Barriers to Economic Growth
Subcommittee on Early Childhood, Elementary and Secondary Education**

June 24, 2025

Chair Kiley, Ranking Member Bonamici, and Members of the Committee:

Thank you for the opportunity to testify today. My name is Caitlin Codella Low, and I serve as the Managing Director of the Human Capital Program at the Bipartisan Policy Center (BPC)—a nonprofit think tank committed to advancing bipartisan solutions to some of the nation's most pressing challenges, particularly those affecting working families.

My professional journey has consistently focused on the intersection of public policy and real-world impact. At the U.S. Chamber of Commerce Foundation, I led the child care and education portfolio, where we explored the critical connections between child care, business productivity, and economic competitiveness. Prior to that, I served as a Capitol Hill staffer and worked as a social work case manager in Erie, Pennsylvania—experiences that continue to inform my belief in practical, bipartisan solutions.

At BPC, I also support the *Commission on the American Workforce*, a bipartisan initiative focused on ensuring our workforce is strong, stable, and prepared for the future. The Commission convenes leaders from across sectors and ideologies to develop actionable solutions that meet the needs of both workers and employers.

Unsurprisingly, child care has emerged as one of the most consistent barriers to workforce participation and economic mobility. Simply put: Americans can't work, train, or contribute fully to the economy if they don't have access to affordable, reliable, and high-quality child care.

That's why today's hearing is not only timely—it's essential. Strengthening the child care system isn't just about meeting family needs. It's a foundational investment in a more resilient, productive, and competitive American economy.

We often describe child care as a broken market. Providers are struggling with thin margins, rising costs, and ongoing staffing shortages. They lack the capital to expand supply or improve quality without raising tuition—yet two-thirds of families, according to BPC polling, already report they're paying the maximum they can afford for formal care. These dynamics strain both sides of the system and undermines our broader economic potential.

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Ideas. Action. Results.

Today, I want to focus on three central themes:

1. Child care must Reflect Parental Choice
2. Child care is an Economic Imperative and Workforce Essential
3. How Federal Policies and Programs can better support families and their child care needs

1. Child Care Must Reflect Parental Choice

American families are not one-size-fits-all. They differ in geography, schedules, culture, values, and income—and every day, parents navigate complex decisions to do what's best for their children. As a working mom of two small children, I know firsthand that there is no more personal or critical choice than deciding how—and with whom—your child will be cared for.

At BPC, our national surveys consistently show that parents prioritize trust and flexibility when choosing child care. For some, that means center-based care. For others, it's a neighbor, a relative, or a home-based provider. And for some families, staying home with their child is the right decision for them. Whatever the situation, one thing is clear, parents want and need choices.

Parental choice should not be a secondary consideration—it is the foundation of a system that works for parents and kids. Federal child care policy should support, not limit, the choices parents must make. Prioritizing choice means ensuring the laws and policies support the need for more high-quality options while addressing the high cost of care.

2. Child Care is an Economic Imperative and Workforce Essential

Child care is not just a family issue. Child care is a workforce issue and a critical component to our economic infrastructure.

Consider this:

- Our economy loses more than **\$120 billion every year** due to breakdowns in the child care system—from lost earnings, missed work, and reduced productivity.
- In my time at the U.S. Chamber, we produced economic impact reports in over a dozen states. These showed that those states lose on average **\$1 billion annually** due to child care-related workforce disruptions.
- Approximately **71%** of all children under age 5 in the US live in a household where all parents work
- **58% of parents** report leaving work because they couldn't find affordable, reliable child care.
- For women—**32% cite caregiving responsibilities** as their primary barrier to returning to work.
- Today, the **average cost of child care exceeds \$10,000–\$15,000 per child per year**—more than public college tuition in most states, more than the cost of rent in all 50 states. In Washington, D.C., that number rises above **\$25,000**.



Employers are also paying the price. In BPC's outreach to business leaders, we routinely hear that child care challenges lead to higher absenteeism, lower retention, and difficulty recruiting talent. Stable child care, therefore, ensures businesses can open their doors and keep them open. For small businesses and frontline industries in particular, child care is no longer a "nice-to-have"—it's a competitive necessity.

High-quality early care is also a long-term economic investment. Studies show that for every **\$1 invested in early childhood programs, the return is up to \$17** in reduced need for public assistance, increased earnings, and better educational outcomes.

If we want to grow our labor force, close talent gaps, and build a more competitive economy, then child care is not optional—it's essential.

3. **How Federal Policies and Programs can better support families and their child care needs**

The federal government provides support for families through the Child Care and Community Development Block Grant (CCDBG) and that funding is the cornerstone of the federal support for the nation's child care system. This program helps ensure parents are able to make ends meet **and** access child care that meets their needs. CCDBG, however, was last updated more than a decade ago; and the system must modernize to meet the needs of today's families.

BPC has long advocated for smart policy updates that can make the system stronger and drive innovation. We believe targeted reforms like—stabilizing the childcare workforce, reducing administrative burdens, improving data collection, promoting public-private partnership, and supporting providers—can expand access to child care, improve affordability, and preserve family choice—while strengthening the workforce and economy.

Modernization should focus on enabling more parents to work, support multiple care options, and recognize child care as essential economic infrastructure that underpins both today's labor force and the development of tomorrow's workforce.

It is through this lens that BPC has launched The Commission on the American Workforce to create a bipartisan strategy to strengthen the workforce, expand economic opportunity, and ensure the United States remains an economic leader. The Commission will produce a final report in 2026 that will include input from 80 policy experts around the country and across industries, including from my fellow panelist, Celia Sims. Child care is (not surprisingly) a critical component of the Commission's work because, as previously stated, without stable child care for families, our workforce and thus our economy breaks.

Conclusion

Child care is not just a personal decision—it is a national priority. It touches every part of our economy: workforce participation, business productivity, and long-term economic mobility.



Yet for too many families, our current system makes it feel like we're being asked to solve an impossible equation.

I often describe the child care system as a three-legged stool—**access, quality, and affordability**. Each leg is essential, yet achieving all three at once remains elusive for most parents and equally challenging for policymakers. When one leg is missing, the whole system becomes unstable—and families, employers, and the broader economy pays the price.

We have a chance—and a responsibility—to steady that stool. Through smarter policy, targeted reforms, and bipartisan cooperation, we can build a child care system that supports working parents, strengthens businesses, and prepares the next generation for success.

And the good news is this: there is bipartisan momentum. Members on both sides of the aisle have shown a commitment to making child care work better for American families and businesses. I want to thank you for your leadership.

At the Bipartisan Policy Center, we stand ready to support this Committee in advancing practical, durable reforms that reflect the needs of families, the realities of our workforce, and the demands of our economy.

We look forward to working with the members of the Committee.

Thank you. I look forward to your questions.



Chairman KILEY. Thanks very much. Mayor Barton, you are recognized for your testimony.

**STATEMENT OF HON. TODD D. BARTON, MAYOR, CITY OF
CRAWFORDSVILLE, CRAWFORDSVILLE, INDIANA**

Mayor BARTON. Chairman Kiley, Ranking Member Bonamici, and members of the Committee, I want to thank you for inviting me to testify here today. My name is Todd Barton and I serve as the Mayor of Crawfordsville, Indiana. Today I am here to share our community's journey in addressing the critical shortage of affordable, high-quality childcare, a challenge that has deeply affected our workforce and economic potential.

Early in my tenure, through annual visits with local employers, we repeatedly heard the same concern, a lack of childcare was keeping people out of the workforce or reducing their productivity. We confirmed this through local and statewide studies, one of which showed that our community was losing nearly 8 million dollars annually in business impact alone, due to childcare related issues.

It was clear childcare was not just a family issue it was an economic issue. In response we formed a Childcare Task Force in collaboration with county leaders, employers and the Montgomery County Community Foundation. That task force evolved into the Montgomery County Early Childhood Coalition, which now leads our efforts to create an accessible, high-quality early education system.

The coalition's five strategic goals are to improve education, accessibility, affordability, program quality, and support for childcare providers. Our initiatives have been wide ranging. We launched Camp Milligan, a full-day summer program for school aged children.

We hired a full-time early learning director to support childcare providers, created professional development opportunities for educators, and improved affordability for working parents by building sustainability and sustainability funding into our model.

A centerpiece of our effort is the Montgomery County Early Learning Center, which opened earlier this year with 124 new childcare seats. This 5-million-dollar project was made possible by an unprecedented partnership of 16 entities across government, business and philanthropy.

It has already increased our childcare capacity by over 30 percent. It is helping us recruit and retain workers in an era of strong, local economic growth. Ultimately, we have come to understand that early learning is not only critical for today's workforce, but essential for shaping the workforce of tomorrow.

We are proud of the model we have built in Crawfordsville, a data driven, community led, and fully collaborative approach that we believe can serve as a template for other rural communities.

To sustain this scale of work we need strong Federal support. Programs like the Child Care Development Block Grant, and employer provided childcare credit are essential tools that we need at our disposal. These programs will help working families stabilize our workforce and invest in the next generation.

Thank you for the opportunity to share our story, and I look forward to your questions.

[The prepared statement of Mayor Barton follows:]



CITY OF CRAWFORDSVILLE

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Crawfordsville's Response to Childcare Challenges: Overview Report

I am currently serving my fourth term as Mayor of Crawfordsville, Indiana, having taken office in January of 2012. Crawfordsville is a small city 49 miles west of Indianapolis and is the county seat of Montgomery County, which has a population of approximately 38,000. Crawfordsville was recently ranked the 60th Most Dynamic Micropolitan in the U.S. and the 2nd most dynamic in Indiana. (2024 *Most Dynamic Micropolitans* report by Heartland Forward)

Our community serves as a regional hub for shopping, entertainment, and employment with an emphasis on manufacturing. Our diverse manufacturing base includes companies such as Nucor Steel, Lakeside Book Printers, Tempur Sealy, International Paper, Acuity Brands Lighting, Kroger Manufacturing, Wal-Mart Optical Manufacturing, Closure Systems International, American Innovation, and many others. As a result, an additional 7,000 people commute into our county for employment. We are also home to one of the nation's top-rated liberal arts schools, Wabash College.

Crawfordsville, like many rural communities, faces a severe shortage of high-quality, affordable childcare, with local business leaders initially drawing attention to the issue.

Background

Shortly after taking office, I implemented a robust Business Retention and Expansion (BRE) program that included annual visits with leadership from our larger employers. These visits are centered on the candid conversations to determine what is working well in our community and where businesses are facing challenges, as well as how we can help them not only succeed but consider additional investment and growth in their local facilities. Early on, these conversations were almost always centered on the challenge employers faced in securing an adequate workforce. In addition, as we delved deeper into the complex factors affecting the workforce, employers frequently identified the lack of childcare options as a significant barrier keeping people out of the workforce, or at the very least, contributing to a noticeable loss of productivity as employees struggled with scheduling and stress issues surrounding uncertain childcare options. These discussions provided me with invaluable insight into the importance of adequate childcare options from the perspective of businesses and employers.

Anecdotally, I witnessed first-hand members of our city staff struggling with the same issues. Many of our key staff members are also parents of young children and frequently face the stress of balancing work requirements with the challenges of ensuring their children receive adequate care.



My initial, somewhat naïve, reaction to this issue was to incorporate childcare providers into my business attraction efforts, and I endeavored to convince new providers to locate in our community. Unfortunately, I quickly discovered that the business model for childcare was fundamentally flawed, and it wasn't economically feasible to operate a childcare business in a smaller community like ours.

In 2018, the Indiana Public Policy Institute and Early Learning Indiana brought together representatives from across Indiana to convene the Economic Impact of Early Care and Education Research Project Advisory Board which researched and assessed the economic repercussions resulting from childcare-related work disruption. Their research concluded Indiana was losing \$1.1 billion in economic activity every year due to childcare related absenteeism (\$580.7 million) and turnover (\$519 million).

Additionally, the Advisory Board selected our community as one of the focus counties in this study, and the data was eye-opening for everyone. The study concluded that childcare-related issues were resulting in a \$7.9 million impact on businesses in Montgomery County, which in turn led to a \$4.9 million impact on the local economy and a \$808,000 loss of income tax revenue for local governments. This data more than confirmed the message we were getting from business leaders and spurred the community into action.

In response, we joined forces with county government, business leaders, and philanthropic leaders to form a Childcare Task Force. This group aimed to gain a deeper understanding of the issue and explore potential solutions. One of their first steps was to conduct a formal survey of area employers. This survey data found that 4 out of 5 employers (81%) believed that their employees were having difficulty focusing at work, were late, or missed work due to issues related to childcare. Additionally, in 2018 only 3% of local children needing childcare were enrolled in a program classified as high quality by the State of Indiana, and by 2019, Montgomery County was ranked 81st of Indiana's 92 counties for access to quality childcare for children under the age of 6. We found, that in total, there were more than 2,000 children under the age of six in need of care, alongside an additional 1,000 requiring school-age care. This data meant our community was classified as a "childcare desert."

In the meantime, the Montgomery County Community Foundation (MCCF) was engaged in a long-term strategic planning process to determine how it might best focus its philanthropic resources to improve the community. Their conclusion, was to focus resources on addressing the childcare issue. The Childcare Task Force strongly agreed that MCCF was best suited to lead this effort moving forward, and in 2020, the Montgomery County Early Childhood Coalition was born.

Creating Solutions

The Montgomery County Early Childhood Coalition is a leadership initiative of the Montgomery County Community Foundation. The Coalition's vision is to ensure that all Montgomery County children are ready to succeed in school and life, with a mission of creating a collaborative and



high-quality early childhood education system that supports the development and education of children age 0-5 in Montgomery County.

The Montgomery County Early Childhood Coalition is comprised of 12 members from our local community, including representatives from local government, local employers, philanthropic organizations, school administration, and childcare providers. The Coalition meets every other month to support initiatives and ongoing programs that benefit local childcare providers and families with young children. The Coalition created a strategic plan with five top goals: to increase community and parent education, improve accessibility, increase program quality, improve affordability, and strengthen program supports.

Strengthening Support

One of the key strengths of our local effort lies in the commitment to not only add more childcare capacity, but also to support and strengthen our existing childcare providers. This effort has centered around the addition of a full-time Early Learning Director to implement the plan fully and efforts have included:

Increasing Community and Parent Education

Over the past four years, the Coalition has dedicated significant effort to building strong, collaborative relationships within our community to better support local teachers and parents of young families. A key part of this work involves raising awareness and providing education about the importance of high-quality early childhood education (ECE) for children's development and future success. Through regular participation in community events and outreach activities, we engage families, educators, and community members in conversations about how quality ECE benefits children and strengthens families.

Each spring, we host a Family Fun Day, an event designed not only to bring families together for enjoyable activities but also to provide valuable resources and information about early learning opportunities and support services available locally. Our most recent Family Fun Day drew over 500 families, highlighting the growing interest and trust in our work. These events serve as an important platform for community education, helping parents make informed decisions about their children's early care and learning experiences while fostering a supportive network among families and educators.

Improving Accessibility

Despite significant progress in expanding our early learning infrastructure, the demand for child care in our community remains high. Currently, more than 2,000 children under the age of six are in need of care, alongside an additional 1,000 children requiring school-age care. Unfortunately, our community has limited options for before- and after-school programs, as well as for comprehensive summer care—leaving many families with few reliable choices.

Recognizing the urgent need for high-quality child care for school-age children, the Coalition took action. In June 2022, in partnership with the Crawfordsville Parks and Recreation



Department, we launched *Camp Milligan*, a full-day summer camp designed to provide safe, engaging, and enriching experiences for children during all 10 weeks of summer break.

Camp Milligan goes beyond traditional care by incorporating educational programming and hands-on learning. Each day includes structured curriculum activities, cooking lessons, time in a STEM lab, and weekly field trips that broaden children's experiences and keep them actively learning while school is out. Our local school districts are key partners in this effort, providing daily lunch service and transportation for field trips—further demonstrating the collaborative spirit that drives our community initiatives.

A unique strength of Camp Milligan is the quality and dedication of our staff. All camp counselors are education majors, with several having graduated and now serving as teachers in our local school systems. This connection not only enriches the camp experience but also helps cultivate a strong local educator pipeline.

Now in its fourth year, Camp Milligan continues to be one of our most in-demand programs. It consistently reaches full capacity as soon as registration opens and has become a cherished community asset—offering families peace of mind, supporting children's development, and reinforcing our shared commitment to high-quality child care and education.

Increasing Program Quality

Our community has made strategic investments to support families and enhance the early childhood system. With the addition of a full-time Early Learning Director to oversee the execution of our strategic plan, we have achieved a 50% increase in the number of children enrolled in high-quality early care and education programs. (Brighter Futures Indiana, 2025). This growth directly translates to more families gaining access to reliable, developmentally appropriate care—laying a stronger foundation for long-term educational and social outcomes.

The Early Learning Director has provided countless hours of free on-site coaching and technical assistance to local childcare providers on topics spanning everything from program operations, personnel support, and family engagement.

Improving Affordability

Affordability is a key factor in workforce participation rates. Simply put, parents are forced to determine if it's economically feasible to work or if it makes more sense financially to simply stay at home with their children. Unfortunately, we find that often this reality keeps people out of the workforce at a time when their participation is critically needed.

The Coalition has collaborated with local childcare providers to reassess tuition rates and help them become eligible for CCDF and On My Way Pre-K vouchers—critical tools for expanding access to affordable, high-quality early learning. Through targeted grant support and employer partnerships, we've made strides in strengthening childcare businesses and increasing options for working families. However, Indiana's recent funding reductions to CCDF and On My Way Pre-K threaten to reverse this progress. More than 22,000 children are now on the CCDF waitlist statewide, and the number of children served in high-quality preschool settings has dropped from nearly 7,000 to just 2,500. These cuts will leave thousands of families without access to the care they rely on to work and their children need to thrive.

We urging policymakers in Indiana to prioritize early childhood funding and restore access to these vital programs. Investing in childcare is not only a support for families—it's a proven driver of workforce participation, educational equity, and long-term economic growth.

Strengthening Program Supports

One of our greatest achievements over the past four years has been our unwavering commitment to strengthening the early childhood educator workforce. In addition to offering free on-site coaching, our Coalition launched a *Professional Learning Series* designed specifically for local early childhood educators. This series consists of five bi-monthly, in-person workshops each year. Topics and guest speakers are thoughtfully selected based on direct feedback from providers and on-site observation data, ensuring relevance and immediate classroom impact.

Each workshop includes a catered meal and a \$100 teacher supply kit, allowing educators to apply what they've learned directly in their classrooms. Now in its fourth year, the series remains highly popular—registration fills the same day it opens—demonstrating the strong demand for quality, accessible professional development.

We firmly believe that a skilled and supported teacher is one of the most crucial factors in achieving early childhood outcomes. That's why, beyond ongoing training, we're also investing in the future workforce. Our Coalition partners with the local high school's Career and Technical Education (CTE) program to help build a sustainable pipeline of new early childhood educators, and we continue to explore new opportunities to attract individuals into the field.

Strengthening Capacity

A key component of our plan is to grow capacity alongside strengthening our existing providers and improving quality. The focal point of this effort was the development of the Montgomery County Early Learning Center (MCELC).

Much collaborative thought and effort was put into planning the transformational project and we undertook a comprehensive fundraising campaign to construct the center and ensure its financial sustainability.

The Montgomery County Early Learning Center opened this year in Crawfordsville, Indiana, to serve children ages 6 weeks to 5 years old with 124 new quality childcare seats. The new Center is the result of a \$5 million investment made possible through a unique partnership of 16 entities representing businesses, government, and philanthropy. This unique model includes blended funding support from government, philanthropy, and businesses.

The partnership includes City of Crawfordsville, Montgomery County Government, State of Indiana, Montgomery County Community Foundation, North Central Health Services, Early Learning Indiana, Acuity Brands Lighting, DES Engineering, Hoosier Heartland State Bank, Lakeside Book Printers, Nucor Steel, Penguin Random House, Tempur Sealy, Tipmont REMC, Tri-County Bank and Trust, and Wabash College.

The Montgomery County Community Foundation owns the facility and engaged KinderCare Learning Companies to operate the facility.

In addition to the \$5 million raised to construct the facility, four of the partners, which including local government, businesses and the Community Foundation, provide annual funding to subsidize the Center's operations, ensuring that tuition rates are reasonable and affordable for families.



This transformative community project comes at an opportune time and has increased local childcare capacity by over 30%. This is critically important as our area is experiencing record levels of economic development success through private investment and job growth. This record growth is the result of significant investments by employers such as Nucor Steel, Tempur Sealy, Closure Systems International, International Paper, Penguin Random House, Kroger Pace Dairy, Lakeside Book Printers, and others. The addition of these new jobs, alongside existing vacant full-time positions, necessitates our focus on attracting new residents, as well as retaining our younger generations, to meet the workforce needs of our employers. The fact that access to reliable childcare is often a deciding factor for parents when considering where to live and work cannot be overlooked in meeting the need to grow our workforce. Infant and toddler care are difficult to find in many communities and waitlists for services are very common. The Montgomery County Early Learning Center addresses this need, by dedicating 84 of the 124 seats to care of the younger age group. By investing in childcare infrastructure and programs, Crawfordsville and Montgomery County are laying the groundwork for long-term economic prosperity. As an incentive for participation in funding, donors at higher levels received naming rights, advisory board seats, and the opportunity to reserve childcare slots for employees. The latter of which has proven to be a valuable recruiting tool for donor employers.

Workforce Pipeline

We have been working to strengthen our workforce pipeline. This includes establishing the Crawfordsville Career Academy to address incumbent worker training, high school equivalency test preparation, career technical training for high school students, industrial maintenance training, a new apprenticeship program, and Ivy Tech Community College.

However, a significant paradigm shift has occurred with our understanding that early learning must be an essential part of the workforce pipeline effort. It's one of the very first important pieces of ensuring success. There has been considerable research in recent years on the importance of early learning for brain development in young children.

As a result, we are not only addressing the workforce needs of today by allowing parents to work, but we are also helping shape the success of the future workforce, an effort we hope will pay dividends in 15-25 years.

Conclusion

We are resolute in our understanding of the importance of adequate quality childcare to our local economy and employers. We have come to understand, through our strong relationships with businesses, that this is a key factor in determining their ultimate success or failure.

There are many factors affecting the challenging childcare landscape, and the Montgomery County Early Childhood Coalition's Strategic Plan and Five Goals are designed to positively address these factors to the extent possible. This model has strengthened our existing providers, adds capacity, improves quality, and helps with affordability.

Our model is unique because it represents a totally collaborative community approach. We have come together as government, philanthropy, and business to address a challenge that is critical to our future success, with the understanding that none of our sectors could adequately address it on our own. Business can't solve this in a rural community like ours, as the numbers



simply don't work, and neither government nor philanthropy has the financial depth to solve it without business support. As a result, we came together as one team and as a community.

Crawfordsville's unique data-informed, coalition-led, and partnership-driven approach addresses many facets of the childcare challenge, aiming to ensure community success, business success, workforce success, and, ultimately, the success of our next generation.

It stands as a promising model for other communities facing similar challenges and we are always ready to share information from our journey with other communities.

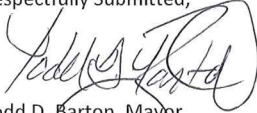
This committee, and the federal government, can help our work in Crawfordsville and rural communities like ours by supporting working parents through the Child Care and Development Block Grant and the Employer-Provided Child Care Credit (Section 45 F). These programs provide parents with school choice, enable employers in our community to have access to a stable workforce and incentivize businesses, small and large, to invest in making childcare more affordable for their workforce.

I want to commend both the House and Senate for including language to enhance the Employer-Provided Child Care Credit in their respective reconciliation bills. The increase will provide local employers in my community with the ability to receive a credit of 50 cents on every dollar invested in childcare.

These programs help us close the gap for working families, ensure an adequate workforce for the businesses that make our communities thrive, and the most important factor in our future success – our children who will comprise the workforce of the future.

In Crawfordsville and Montgomery County, Indiana, we have stepped up collectively as a team and have made great strides, but truly need Federal support alongside us as we face the evolving challenges moving forward.

Respectfully Submitted,



Todd D. Barton, Mayor
Crawfordsville, Indiana
June 20, 2025



Chairman KILEY. Thanks very much. Dr. Friedman, you are recognized for your testimony.

STATEMENT OF DR. RUTH FRIEDMAN, SENIOR FELLOW, THE CENTURY FOUNDATION, WASHINGTON, D.C.

Ms. FRIEDMAN. Thank you. Thank you for inviting me to testify today. I spent 25 years working to increase the high-quality early learning programs, and access to them. Most recently, as Director of the HHS Office of Childcare for the Biden-Harris administration, where I oversaw the 12-billion-dollar Federal childcare program known as CCDBG or CCDF, as well as overseeing the 53 billion dollars in childcare COVID relief funding.

As Director, I spoke regularly with providers, State agencies, tribes and territories about their childcare challenges. I heard about the CCDF program and how important it was, and the successes of the pandemic relief funding, in stabilizing the childcare sector and lowering family costs during a very turbulent time.

They also made it clear we have a much bigger nationwide childcare crisis. Put simply, parents cannot find or afford the childcare they need, and providers cannot charge high enough fees to stay afloat. There are three main interrelated problems fueling this crisis. First, there is not enough childcare to meet the demand, so families struggle to find care that fits their work hours and their family needs.

Childcare for infants and toddlers, care for children with disabilities, care during non-traditional work hours and in rural areas is particularly scarce. Second, childcare is a major financial strain for families. In almost all states families pay more for childcare than housing or food, and the cost of childcare is rising faster than inflation.

The high prices hurt family budgets, make family life harder, and cause under employment and unstable employment. Third, providers, most of whom are small businesses, are struggling to stay afloat and stay staffed because they cannot afford to meet the rising costs of labor, rent, insurance and everyday goods.

In most communities, the business model only works at all by paying childcare staff very low wages with few benefits, and problems recruiting and retaining childcare workers has become particularly acute. Families, businesses, and America's economy are paying the price of this reality to the tune of billions of dollars in lost wages, productivity, and growth every year.

The root of the childcare crisis is that we are relying on the private market to solve a problem it cannot. The market does not provide enough childcare to meet family needs because the true cost of care is greater than prices parents can pay. Providers cannot address a workforce shortage without improving compensation, and better compensation and stable operations are not possible without significant tuition hikes, and parents are already maxed out.

The CCDF program, while absolutely critical for the 900,000 families who get assistance, and the millions more who benefit from its quality initiatives, is neither funded, nor designed to fix the scope of the childcare problems we are discussing today.

Likewise, the Head Start program, and the preschool development grant program help with the situation, but they also are not intended to address the scope of the problem.

Solving the childcare crisis requires significant new Federal and State investments, comprehensively directed at staff compensation, and building a stable supply with a range of childcare options without the cost falling to parents.

Ranking Member Scott and Senator Murray have led the way with a transformative plan for the type of childcare reform American families really need.

An approach like the Childcare for Working Families Act would address supply issues, and reduce costs for millions of families, while building on the flexibility of the current system. It would eliminate childcare as a barrier to parents' stable employment, family's economic stability and parent and child well-being, giving parents much more freedom to raise strong families.

Recent Federal proposals to childcare and the tax code will not solve the childcare crisis because they do little about parent costs, or supply issues, and do nothing for the childcare workforce shortage. Worse, we are going in the wrong direction in three important ways.

First, the Reconciliation Bill is going to exacerbate the childcare workforce shortage, reduce supply, and make it harder for many families to afford childcare.

Second, political leadership at HHS has indicated to some stakeholders they intend to get rid of the 2024 Rule that finally aligned the CCDF program with Federal statute, to pay providers on time, and more fairly, and when implemented, would improve parent choice and help stabilize provider operations.

Third, DOGE pushed out half of the Federal Office of Childcare staff this spring. Without adequate staffing, Federal funds will not go as far, and ultimately childcare will be less safe, harder to find, and more expensive.

Our country's approach of relying primarily on a parent funded, broken market fails families, hurts businesses, and harms America's economy. This is a solvable problem but will require transformative investment for America's families. Thank you.

[The prepared statement of Dr. Friedman follows:]

Written Testimony to the House Subcommittee on Early Childhood,
Elementary, and Secondary Education
"Child Care and The American Workforce: Removing Barriers to Economic Growth"
June 24, 2025
Ruth J. Friedman

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.

Chairman KILEY. Thanks very much. Ms. Sims, you are recognized for your testimony.

**STATEMENT OF MS. CELIA HARTMAN SIMS, PRESIDENT AND
FOUNDER, THE ABECEDARIAN GROUP, HOUSTON, TEXAS**

Ms. SIMS. Chairman Kiley, Ranking Member Bonamici, and members of the Subcommittee, thank you so much for the oppor-

tunity to speak with you all today. To get straight to the point, as you have heard by the other witnesses, parents of young children cannot work without childcare.

Because childcare is directly tied to the ability of parents to work, childcare is intrinsically tied to employers being able to hire, and communities being able to thrive. Breakdowns in childcare result in parents missing out on income and lost productivity for employers.

K–12 school closures during COVID made clear that parents with young children need childcare to work. The childcare sector, unlike K–12, understood this, kept its doors open for families, and demonstrated the truly essential service that childcare provides for workers, employers, and the broader economy.

Childcare access creates economic opportunity at the individual level, and economic development at the local level. With limited availability of childcare, towns lose residents and businesses. A rural North Carolina county I recently visited described how for multiple reasons post-COVID, it lost over half of its center-based care, and 80 percent of its family childcare homes.

With so little care now available, residents are having to find childcare in a more populous neighboring county. If people feel like they have to go to another county for children, they may decide it better all around to seek work in that neighboring county. Small communities cannot survive, let alone grow without accessible childcare.

Nothing, however, is more personal to parents than deciding with whom to leave their child when they go to work, and without a doubt, as others have said, the No. 1 criterion for parents in choosing a childcare provider is trust.

Parents are not simply looking for the cheapest childcare arrangement. They will sacrifice time, convenience and money to ensure their children are in quality safe environments.

Given the very personal nature of making a childcare decision, parents have varying childcare preferences, indicating strong support for our Nation's mixed delivery system of childcare, one that is inclusive of centers, family childcare homes, faith-based providers, for-profit, nonprofit, public and private providers. No two families or children are alike. What is best for one family will not be best for another family.

Parents, not government, are and should remain the ones who choose what is best for their child. Respecting parent choice in childcare is the core tenant of the Federal childcare and development block grant, and the reason the program has garnered such strong, bipartisan support over the years.

CCDBG should remain the Federal Government's hallmark childcare program to support America's working families. Affordability, however, is the greatest barrier for working families to access childcare they won't need and want, but why people as is childcare so expensive? People, plain and simple. Staff salaries are by far the greatest budget line item for a childcare provider.

Yes, a provider might reduce the number of teachers in classrooms, but fewer teachers in classrooms is bad for child safety. To be sure there are, as in any regulated sector, rules and regulations

that can and should be either cut or streamlined to reduce costs, but teachers cannot be reduced.

Tackling childcare affordability for working families is a public/private endeavor, including government, Federal, State and local, parents, businesses, and religious and other community organizations. As others have discussed, local communities are addressing the childcare access and affordability problem in varying ways and designing solutions for their local contexts.

In the Federal Government, at the Federal level, parents and businesses show support for a multipronged Federal strategy to assist-working parents afford childcare. The good news is that all of these solutions they support are existing Federal programs, thus we do not need new Federal programs to address childcare affordability.

We need to continue to support and promote the programs we presently have, including childcare vouchers provided under CCDBG, the Federal Government's hallmark Federal childcare program, Federal tax credits, including the employer provided child tax credit, the child independent care tax credit, and dependent care assisted programs, all of which are presently included for enhancement under the House and Senate Reconciliation Bills.

Three, a host of current Federal programs under numerous agencies, including the Agricultural Department, SBA, that can be used to expand childcare in underserved communities. In closing, for working families, childcare is a must have, not a nice to have, and is a service that pays immediate economic benefit for individuals being able to work, employers being able to hire, and communities being able to grow.

Thank you for the opportunity to speak with you today, and I look forward to your questions.

[The prepared statement of Ms. Sims follows:]

Testimony of Celia Hartman Sims
before the
Subcommittee on Early Childhood, Elementary, and Secondary Education
Hearing on “Child Care and the American Workforce: Removing Barriers to Economic Growth”
June 24, 2025

Introduction

Chairman Kiley, Ranking Member Bonamici, and members of the subcommittee, thank you for convening this important hearing on the critical connection of child care to the economy. I appreciate the opportunity to speak with you all today.

I am Celia Hartman Sims, President and Founder of the Abecedarian Group, and have the privilege of working with organizations at the federal, state, and local levels to develop and improve policies in the fields of child care, education, child welfare, and family violence. I am also a former U.S. Senate education policy director and senior advisor to Senator Richard Burr with whom I had the honor of working extensively on the Child Care and Development Block Grant (CCDBG) which is the federal government’s largest child care program. I would be remiss if I did not also mention the privilege during that time of watching the bipartisan partnership forged between Senator Burr and Senator Barbara Mikulski as they worked to secure passage of the 2014 CCDBG reauthorization, a program that up until then had gone almost two decades without being reauthorized.

Child Care, the Workforce, and the Economy

To get straight to the point, parents of young children cannot work without child care, and because child care is directly tied to the ability of parents to work, child care is inextricably tied to employers being able to hire and local communities being able to thrive. The benefits of child care are many – increased workforce participation, reduced reliance on public assistance, career advancement and higher earnings, businesses being able to attract and retain employees, improved employee productivity and performance, increased household income and consumer spending, and boosted economic growth.

Breakdowns in child care result in parents arriving late for work, leaving early, not showing up at all, as well as being distracted while at work leading to workers missing out on income and promotions and lost productivity for employers. While this connection between child care, work, and the economy has been known for decades, it was during the COVID-19 pandemic that child care gained significant attention. K-12 school closures made clear to anyone who had not recognized the fact prior that parents with young children need child care to work. While COVID stay-at-home orders forced many Americans to work from home, nurses, EMTs, firefighters, grocery store clerks, and sanitation workers had to be on time each and every day and not be

distracted. The child care sector, unlike K-12, understood this, kept its doors open for young and school-age children alike throughout the pandemic, and demonstrated to parents and the public the truly essential service that child care provides for workers, employers, and the broader economy.

In a focus group project of rural communities across six states in which I was recently involved, participants clearly tied child care access to economic opportunity at the individual level and economic development at the local community level. With limited availability of child care, towns lose residents and businesses.

Multiple focus group participants spoke of local businesses that wanted to expand but cannot if employees cannot find child care. One focus group in a rural North Carolina county described how for multiple reasons post-COVID (inability to keep staff, subsidy lists too long, families not being able to afford the cost of care), the county lost half of its center-based child care providers and eighty percent of its home-based providers. With so little care now available, residents are having to find child care in a more populous neighboring county. If people feel they have to go to another county for child care, they may decide it better all around to move and seek work in that neighboring county. Small communities such as this one worry they cannot survive let alone grow without accessible child care.

In these communities, child care access is also directly tied to the services counties must be able to provide their residents to be sustainable and thriving communities. A Nebraska law enforcement leader described how desperate he was to have back on staff his one bilingual employee who was out on maternity leave. The employee wanted to return to work, but could not until a child care spot opened. Likewise school superintendents raised the difficulties they are having recruiting teachers due to lack of child care. Public schools are often the lifeblood of a small community, and community leaders are seeing the drain of qualified teachers, leaving their districts for neighboring school districts that have child care options. Once these teachers are established in a new community, they rarely come back, even when their children are of school age. The domino effect of understaffed schools ripples across the local economy, damaging business opportunities and economic development.

Child Care Priorities and Preferences

While parents need child care to work, they do not want just any old place to leave their children – parents have clear priorities and preferences for child care. Nothing is more personal to a parent than deciding with whom to leave your child while you go to work, and without a doubt, the number one criterion for parents in choosing a child care provider is trust. The strength of the relationship between a family and their child care provider is deeply important and the reason parents spend so much time selecting the right provider for their child.

After trust, survey after survey of parents' decision criteria, show that parents' views on the quality of caregivers and safety, followed by affordability are the most important criteria for parents in making a child care decision. Parents are not simply looking for the cheapest, most convenient, or most flexible child care arrangement – they will sacrifice time, convenience, and money to ensure their children are in a quality, safe environment. This holds true for low income all the way to higher income families.

Given the very personal nature of making a child care decision, it is not surprising parents have varying child care preferences, indicating strong support for our nation's mixed delivery system of child care, a system that is inclusive of child care centers, small family child care homes, faith-based providers, for-profit, nonprofit, public, and private providers. No two families or children are alike. Thus, what is best for one family or child will not be best for another. Parents, not government, are and should remain the ones who choose what is best for their child.

Bottom line – parents want choice in the care of their children. Respecting and honoring parent choice in child care is the core tenet of the federal CCDBG program and the reason the program has garnered such strong bipartisan support over the decades. CCDBG should remain the federal government's hallmark child care program to support America's working families.

Child Care Affordability

Affordability is the greatest barrier for working families to access the child care they need and want. Parents consistently rank affordability well above quality and safety, scheduling and hours of operation, lack of convenient options near home, and provider enrollment capacity as the greatest barrier to access.

So why is child care so expensive? People – plain and simple. Staff salaries are by far the greatest budget line item for a child care provider, comprising anywhere from sixty to eighty percent of their budgets. In focus groups, parents and community members express a great deal of understanding about why child care is expensive. They clearly understand that labor is the greatest expense child care providers face and that cutting the number of teachers in a classroom is not the solution – yes, a provider might reduce the number of teachers in a classroom, but fewer teachers in a classroom is bad for child safety and likewise results in burnout for teachers who become overwhelmed by the stress of watching over too many young children at once.

To be sure, there are as in any regulated sector rules and regulations that can and should either be cut or streamlined to help reduce costs. But unless we find ourselves in the environment of the Jetsons with an army of Rosey the Robots, the largest child care cost – teachers – cannot be reduced. Understanding this, focus group participants expressed a desire for a variety of solutions

across all levels of government and communities to help offset the costs for families to afford the quality child care they must have to work.

Addressing Child Care Affordability – No One Size Fits All and All of the Above

Among parents, business owners, and the broader community there is consensus that tackling child care affordability for working families is a public-private endeavor including government (federal, state, local), parents, business, and religious and other community organizations.

In focus group conversations, a common theme in the six states visited was the need for local flexibility in developing and implementing child care solutions for their residents. While all acknowledged the importance of government support, that support must first get to the local level (i.e., not get stuck at the state level) and second be flexible enough to meet their communities' unique needs and contexts.

The local communities visited have each begun to tackle the child care access and affordability problem in varying ways. In Washington state, through a combination of private, state, and federal funding, a local community was able to repurpose a former nursing home area within a local hospital to create a new child care center. For this local community, making the connection between building more child care supply to ensure workers -- healthcare or otherwise -- could access child care and come to work was key to gaining support for their project. In North Carolina, a rural community is presently working to secure funding for building one facility to house six small autonomous child care centers that will rent space in the facility. While there will be common areas for use, each center will be fully independent of the other. A local agency will manage the building, ensure compliance with facility regulations, assist with training and business support, and provide a substitute pool if an employee for one of the centers is unable to come to work. One center housed in the facility will provide care during non-traditional hours. Key to each of these projects getting off the ground has been understanding the unique child care needs in their communities and designing solutions that meet those specific needs.

At the federal level, parents, business owners, and the broader community show support for a multi-pronged federal strategy to assist working parents afford the child care they need to work. The good news is that all the solutions for which they show support are existing federal programs – thus, we do not need new federal programs to address child care affordability. We need to continue to support and promote the programs we presently have. These policy solutions that already exist in federal law include (1) child care vouchers provided under the Child Care and Development Block Grant (CCDBG), the federal government's hallmark federal child care program; (2) federal tax credits including the employer-provided child care credit (sec. 45F, IRC), the Child and Dependent Care Tax Credit (CDCTC), and the Dependent Care Assistance Programs

(child care flexible spending accounts) all of which are presently included for enhancement under the House and Senate reconciliation bills; and (3) a host of current federal programs under numerous agencies (e.g., Agriculture, Small Business Administration) that can be used to expand child care in underserved communities.

Closing

In closing, parents, business, and the broader community see child care as a kitchen-table issue, one they clearly tie to an individual parent's ability to work and to the broader health of the economy. For working families, child care is a must-have versus a nice-to-have and is a service that pays immediate economic benefit for individuals being able to work, employers being able to hire, and communities being able to grow.

Thank you for the opportunity to testify. I am happy to answer any questions you may have.

Chairman KILEY. Thank You very much. Under Committee Rule 9, we will now question the witnesses under the 5-minute rule. The Representative from Guam, Mr. Moylan is recognized first.

Mr. MOYLAN. Thank you, Mr. Chairman and Ranking Member for hosting this important hearing today, and access to high-quality, affordable childcare is important to many parents, and provides the flexibility needed to participate in the workforce.

Childcare benefits families and communities alike, boasting local economies and empowering parents. Block grant approval is hard to receive because the threshold is so low, working-class families make too much money to qualify, even if slightly above the minimum wage you are disqualified.

Households of two is at \$62,711.84, and this forces parents to quit their jobs to access CCDBG payments. Ms. Sims, something I have heard several times from my constituents is that the current system is broken, and encourages reliance on public assistance, more than uplifting families.

Thresholds for assistance relative to incomes on Guam sometimes incentivize working parents to leave the workforce, rather than participate in it. How can Congress reform these systems, so that public assistance goes hand in hand with social mobility and not against it?

Ms. Codella Low, you will follow that same question please.

Ms. Sims.

Ms. SIMS. Thank you for the question. As you mentioned the income eligibility, the Federal statute limits that to a State. You cannot make more than 75 percent of the State median income. What is important is to continue, I think, the long, bipartisan investments in the childcare development block grant because that funding has increased.

It first doubled under the first Trump administration, it has continued to double, I mean to continue to increase ever since as more funds are in there. It has allowed states to increase their eligibility up against that cap.

What is also important, we made some significant changes in the last reauthorization of CCDBG, was to ensure that there was a graduated phaseout, so that you are not creating a cliff effect, so that if a parent who is presently receiving childcare assistance makes a dollar more than all of a sudden they automatically lose their assistance.

We want that to stay or step downward, that encourages families to stay in the workforce, but not just stay in the workforce, but to feel like they can take, you know, a promotion and a raise, and continue to move forward.

Ms. CODELLA LOW. I would say what Celia said is absolutely correct. There has been increased funding, Bipartisan Policy Center has supported funding increases for CCBG. I think one of the major factors of this is allowing for parents to make choices that are right for them, and also allow for parents to matriculate in and out of the economy in a way that allows them to get the training necessary to get on to the new jobs, or to continue in, you know, any matter that allows them to have stability in the system.

Mr. MOYLAN. Thank you both. Mayor Barton, your city is similar in size to some of Guam's villages, and I think our weather might be a bit different though. In your testimony you talked about how operating a childcare business is not economically feasible in smaller communities.

Based on your experience and success, how can Congress empower working families and small communities across America?

Mayor BARTON. Thank you for the question, and I think you are correct, the weather is probably not similar. Yes, I think you know

for us it is figuring out how to bridge those gaps and understanding that in a rural community that the economies of scale are not in our favor, and that is the biggest challenge that we faced in operating childcare centers in our community.

It is finding ways for everyone to come together. You face the reality that government cannot solve this alone, private operators cannot solve this alone, and in most cases philanthropy or non-profits cannot solve this, so it is really laying out that business model and looking for those gaps and plugging sustainability into the model.

Mr. MOYLAN. Thank you. Finally, Ms. Low, you began your testimony with the importance of parental choice. I think it is important to remember that although we are one nation, we have many cultures in our country. That is especially true in places like the U.S. territories. Can you elaborate more on how parental choice benefits communities across our country?

Ms. CODELLA LOW. Yes. I think the reality is that parents are living very different lives from their neighbors, and they need to be able to plug into a childcare system that works for the needs that they have. My neighbor works overnights, and you know, there are very few childcare centers that can help to deal with that challenge, right?

If we are only thinking about a one size fits all solution, we are not thinking about the vast majority of our economy, and the needs that each individual might have.

Mr. MOYLAN. Thank you so much. Mr. Chairman, I yield back.

Chairman KILEY. Thank you very much. Ranking Member Bonamici is recognized for 5 minutes.

Ms. BONAMICI. Thank you, Mr., Chairman, and thank you all for your excellent testimony. Across Oregon, like most of the country, there is an inadequate supply of appropriately regulated childcare, especially for infants and toddlers. I have a friend who has twin grandbabies, can you imagine?

I mean it like it automatically doubles the cost, and the challenge. I mentioned even before the pandemic the Oregon Childcare Research Partnership found that all of our 36 counties were childcare deserts, meaning there are more children for every available, three or more children for every available slot. The demand is far greater than the supply, as we all recognize.

Now, approximately half of the families in this country live in childcare deserts, and there simply is not enough to meet the demand, and what exists is unaffordable. That we have established. Nationwide childcare costs have risen about 214 percent since my daughter was born in 1990. I am surprised it is not more than that from what I am hearing.

As I mentioned, to help address this, Oregon's legislature created the Childcare Infrastructure Fund in 2023, but again, just a drop in the bucket. At the Federal level, we do not have a similar program dedicated to building out the supply of childcare. Dr. Friedman, welcome back to the Committee, what policies have shown promise in increasing the supply of affordable childcare?

Ms. FRIEDMAN. Thank you very much for the question. I, you know, interestingly we have seen just in the past year a slight tick up in supply for the first time, interestingly a decent tick up in

family childcare in a few different states, California, Massachusetts and Virginia.

I do not think it is an accident. I think this is a combination of a few different things. One is states use some of their COVID relief money to increase supply. They made startup grants, expansion grants. They created family childcare support networks to try to make the business side easier for family childcare. California, for the first time, made healthcare and retirement benefits available for family childcare.

We have seen some investments by states, specifically aimed at trying to increase supply because they have recognized it is such a problem. In addition, one of the things we did in the administration that I think was very important is with CCDBG we decided to enforce one of its very important tenants, which requires reimbursement rates to not be so low that parents do not have access to care.

States reacted by increasing their reimbursement rates, their rates for family childcare were particularly low. In addition, we have seen more states try grants and contracts to try to address supply. Supply is a priority, and I think, you know, what we see is when there are investments in increasing supply. they are effective.

What makes me nervous is some of the State investments are already being zeroed out. There were some private investments I know in some states where we saw increases that are not part of their next year budgets, and, you know, it needs sustained investment.

Ms. BONAMICI. I appreciate that, and I know recruitment and retention are huge concerns. Dr. Friedman, again, immigrants make up about 20 percent of the childcare workforce nationwide, and in some urban areas up to 50 percent of the workforce. I am hearing from constituents in Oregon who have significant concerns about immigration enforcement, as it relates to childcare, particularly with for example, TPS workers, Dreamers.

The Trump administration, as well as some of my colleagues across the aisle have demonized immigrants, even though they contribute greatly to our economy and our childcare system. It relies on immigrant workers in many places, and unfortunately, we have not been able to pass humane immigration reform, or even the Dream Act, to give these hardworking, aspiring Americans a path to citizenship.

Since 2011, childcare programs were considered off limits for immigration enforcement, but the President ended this policy on day one, meaning the U.S. Immigration and Customs Enforcement can now enter schools, daycare centers, and other locations where children spend their days.

Dr. Friedman, I know you are not an immigration expert, but do you agree that immigrants play an important role in the childcare sector, and if childcare workers do not feel safe working in the sector, what would it take to prepare and educate thousands of new childcare providers in a short period of time?

Ms. FRIEDMAN. Yes, thank you. There is no doubt that immigrants play a large part in providing the childcare in this country, and if that important provider population were to disappear, we

would be in real trouble. Childcare would go away. We already are seeing that. There are not enough childcare staff to keep all of the classrooms open in existing programs, and programs are closing down because of lack of staff.

If the childcare worker crisis increases, we will see childcare close and become less available and more expensive.

Ms. BONAMICI. Thank you, I am out of time. I yield back.

Chairman KILEY. Representative Mackenzie of Pennsylvania is recognized.

Mr. MACKENZIE. Thank you, Mr. Chairman, and thank you to all of our testifiers here today. It is great to be talking about such an important issue for working families, and also the way that it impacts our economic growth here in America. It is also great to see that there is broad bipartisan recognition of the problem.

I think everybody is recognizing the problem for working families to access quality and affordable childcare, the barrier that it creates for people going back into the workforce after they have their child. The challenges that we face with childcare providers.

We see this problem in my district in Pennsylvania, where there is this mismatch in our local marketplace of the quality, affordable, accessible childcare that people are looking for, and what is available for working families as they try to re-enter that market.

Great to see that. Now, my questions—I am going to go to Ms. Sims first. I have legislation, House Resolution 1426, which would expand the Child and Dependent Care tax credit, so parents can afford a broader range of child options. I would love to hear your perspective as to why it is important that the Federal policies that we actually put out give families the flexibility to choose the childcare arrangements that best meet their individual needs?

Ms. SIMS. Sure. As I mentioned in my testimony. One, I think the tax credits in CCDBG—it is all of the above. There is not going to be one singular program that can solve everything. Similar, that is the same thing with a childcare provider. There is not one—the same provider for every parent, or for every child. There are a number of parents who have two children, and one child they will put in a childcare center, because they understand that that child will thrive there.

They may take the other child and want to enroll them in a family childcare home because that smaller setting is best for them. Similar faith-based providers, you know, again trust is the No. 1 criterion, and so, if that is your faith community, that is where you are going to seek, and we want to have all of those solutions available for our parents.

Yes, it is all of the above in terms of the types of programs we need, tax—there is tax relief, there is the voucher program on the parents, there is not one singular solution, so we do not want to prejudice one provider over another.

Mr. MACKENZIE. Well, I appreciate that, and I agree that the importance of choice is so paramount across all educational opportunities, and that extends to childcare and early learning as well, so appreciate your thoughts there. Mayor Barton, I will go to you next. You have shown great local leadership on this topic, and I want to commend you for everything that you have done in your local community so far.

How could policies like you have put in place there actually reflect this choice and the individuals from families and employers in your local community? How did you work that into your solutions, all of these different thoughts from local stakeholders into what you have put together, just a really terrific solution.

Mayor BARTON. I think we acknowledged, you know, from the very beginning that choice had to be a part of what we were offering, and we were very aware that as we were in the fundraising phase, and creating our early learning center, we did not want to create a situation where it was the government-sanctioned childcare option for our community.

We wanted people to have a choice, so and additionally, we did not want to lose existing childcare capacity in our community, so we built into our system to not only expand capacity, but to support the existing capacity, which is very diverse. It is a combination of home-based, center-based, you know faith-based, all those pieces coming together.

We knew that we needed that variety and those options in our community, so we deliberately incorporated that into our model.

Mr. MACKENZIE. Well, thank you. I think it is a model that what we have heard so far really could be replicated and expanded elsewhere, so thank you for your leadership on this topic.

Mayor BARTON. Thank you.

Mr. MACKENZIE. Finally, I will go to Ms. Low, talking about that access to quality, affordable childcare. We have talked a little bit so far about the challenges that providers face, and increasing supply of childcare providers, not only in terms of the facilities, but also the workers there, getting them into those positions, making sure that they are earning a wage that they can actually sustain their own families in these roles.

Tell me about your thoughts on what we should be doing to increase supply, and make it more likely that we get more childcare providers online and operational?

Ms. CODELLA LOW. Yes, thank you for the question. I think providers, as you know, typically are operating on reserves and margins, as we know staff is the highest cost that they are paying out, and we know that in order to make any changes to the system they almost are always faced with raising tuition rates, and we know that parents most likely just cannot afford more.

They are sort of put into an impossible equation, and in a lot of cases any increased costs, obviously are put to families, and so there is opportunities to think about what we are doing in CCDBG, and allow for Federal capital investments to—for, excuse me, for the providers to help to—sorry, help to invest in their facilities, and meet the needs that each of these facilities need in order to grow and expand.

Mr. MACKENZIE. Great, well thank you. Again, I want to thank all of you for being here today, just a terrific topic. I am glad we are focusing on it on this Subcommittee. I would like to thank the leadership of our Chairman, I look forward to working with everybody on this problem that we all recognize to find some great bipartisan solutions to address these challenges, and help working families across the country. Thank you, and I yield back.

Chairman KILEY. Representative Lee of Pennsylvania is recognized.

Ms. LEE. Thank you, Mr. Chairman. I appreciate that we all understand and agree that there is a childcare crisis in this country. The costs of child care if you can even find it, pushes thousands of families into poverty every single year. In Pennsylvania, infant and toddler care costs an average of \$14,000 per year.

That is more than someone's college tuition. We need child care in this country. We need it so that all parents and caregivers have the option to participate in the workforce and provide for their families. We need it to support children's early cognitive, social and emotional development, which we know has lasting effects into adulthood.

We need it because as human beings, it is our moral obligation to care for one another, which some consider a radical stance. I do not, of course. We need more Federal investment in childcare because existing programs are quite frankly not cutting it. Less than a third of the children in my district receive subsidies that they are eligible for, that leaves almost 7,000 children in my district whose families cannot afford child care, and who cannot access subsidies.

Meanwhile, the average childcare worker in my district makes less than \$30,000 per year. That is almost \$40,000 less than the average kindergarten teacher, who are also obviously grossly underpaid as a profession. Child care workers are overwhelmingly women, disproportionately women of color of course, yet black early childhood educators still make less than 80 percent of what their white counterparts make.

This is a crisis from every single angle. This is especially insulting considering how much of today's child care infrastructure we owe to black communities and the civil rights movement when Head Start was first founded. Red states, like Mississippi, refused Federal Head Start grants, arguing that benefits to black children discriminated against white children, an argument that is eerily similar to the current administration's rhetoric.

Groups like Child Development Group of Mississippi, run by civil rights leaders and black mothers persisted to ensure that Head Start was successful. When school superintendents refused to rent out buildings, school buildings or buses to Head Start programs, communities came together to make sure that children had a place to go, and a way to get there, so we have models of success.

Since then, Head Start has served over 40 million people, including me, and over, you know, 2,500 children in my district, who are enrolled right now. Head Start success turned it into a program supported across political and geographic lines. When a leaked proposal from the Department of Health and Human Services earlier this year threatened to eliminate Head Start, this broad support is why it was ultimately still included in the administration's budget request.

Dr. Friedman, briefly, what would happen if families and children, including the 2,500 children in my district, what would happen if Head Start were cut?

Ms. FRIEDMAN. If Head Start were cut or eliminated, it would have a number of really devastating consequences in this country. First, for the families who would be receiving Head Start, they

would lose out on that very important early childhood programming, and the families who receive very important wraparound services, help finding jobs, help receiving various sorts of social services, would lose out on that as well.

In addition, it would absolutely and immediately expand the childcare crisis that we have in this country. You would have 750,000 families who suddenly did not have child care, and would need to find it, and would have huge economic impacts as well.

Ms. LEE. Certainly. Real quickly, earlier this year the administration closed five regional Head Start offices and DOGE fired hundreds of employees within the Administration for Children and Families. How did those office closures and employee firings impact the program?

Ms. FRIEDMAN. Yes, we are already seeing very bad impacts from those closings. Programs, local programs are not getting the support and the answers they need, grants are coming slowly to them, which is very, very problematic in Head Start because they really work month to month with their budget, and lost an enormous amount of expertise on the local needs those programs service.

Ms. LEE. Thank you. Even if Head Start is ultimately funded, if the office of Head Start and its regional offices are not staffed, it is still set up to fail. As you pointed out in your testimony, Dr. Friedman, even at its best, Head Start cannot address the full scope of the childcare crisis.

In order to do that, and remove barriers to economic growth, we have to address the persistent racial and gender wage gaps within the childcare industry. We need to invest in programs like SNAP and Medicaid, that over 20 percent of Pennsylvania's early childhood educators rely on, and that House Republicans just cut in the Reconciliation Bill they passed.

We need much more Federal investment in child care. We know that for every dollar we invest in early childhood education, we save substantially more on services that children will not need as they grow up. This is why we need to pass the Democrat's legislation like the Child Care for Every Community Act, and Child Care for Working Families Act, which I am looking forward to introducing with Ranking Member Scott in the near future.

These bills would help put an end to this crisis by making sure families actually have access to child care slots, that no family spends more than 7 percent of their income on child care, and that all early childhood educators make a livable wage. Thank you so much for the time, and I yield back.

Chairman KILEY. Representative Harris of North Carolina is recognized.

Mr. HARRIS. Well, thank you, Mr. Chairman, and for the subject matter we have today, and for this hearing, and to all of you on the panel that have shared your time and your expertise. This is a very, very relevant subject I think all of us are dealing with.

Mayor Barton, do you think the Federal Government on its own has the ability to simply spend or regulate its way out of the childcare crisis that we are discussing today?

Mayor BARTON. That is a good question to ask somebody in local government I guess, but I appreciate the question. No, I do not think so. I think it takes all of us coming together, and you know,

from the local rural perspective, right, and I am in a rural community, I think there is an understanding that the current system is broken. We talk about that a lot. We talk about, you know, the business model is broken, but also on the funding side. I will not pretend to know what funding is available or is not available on the Federal side.

I will tell you that, you know, the current system, the CCDBG funding with its focus on vouchers, that is fantastic if you have seats. In the rural communities you can have a voucher. There are vouchers out there, but there are no seats, right, so we have to really focus on the side of this, which helps us incentivize the business model to get the seats so that they exist, so that the people can even use the vouchers that are out there.

You know, it is not possible to spend our way out of this, but it is going to take a combination of Federal spending and Federal focus, along with states, local governments, and businesses ultimately, and I think that is the unique aspect of our model was engaging the businesses in this discussion.

In our reality in a rural community, they are competing for workforce, and everything they can do to make themselves more competitive with the business down the road, they need to be doing. We saw that with, you know, near site wellness clinics on the health side, and that has now spilled over to the child care side as well.

Mr. HARRIS. Well, thank you for your answer. The fact is, contrary to the beliefs of those on the other side of the aisle, simply spending more Federal tax dollars, or increasing Federal regulations will not solve this issue. As a Representative of the largely rural district myself, I have also seen first-hand the outsized effects that accessible child care can have on rural communities.

Quite frankly, that was one reason I was greatly encouraged by your testimony, Mayor, detailing the actions that you and other community leaders took in Montgomery County, Indiana, to establish a coalition to tackle the problem. I want to give you a chance for in the few minutes we have left, as legislators, what can we do in our capacity to help communities like yours meet today's child care challenges at the local level?

Mayor BARTON. I think the most important thing is to create an environment where we can innovate. Every community is different and giving us the flexibility to come up with new solutions like we have done. You know, sadly, we have at times said we are going to solve this problem on our own because we just realize that the help is not coming from above, right?

Giving communities the ability to do that, and that flexibility, is probably the single most important thing you can do. Then becoming a partner, and looking at the model we have created, the model we have created can be applied, you know, more globally across the Nation if we so choose to do, but you have to create the environment that allows that, and that does not exist in a lot of areas.

Mr. HARRIS. On that same note, I will ask from your perspective, conversely, what is Washington doing that could hinder the growth in the child care space?

Mayor BARTON. Another good question. You know, I do not know that I can really answer what they are doing that is hindering it

other than, you know, when you create situations where that wage pressure keeps people out of this workforce, you know, child care is going to be the first place we are going to see that, right?

We have to find ways to fill in those gaps and address that piece of it. I think the other piece, you know, from the Federal side, is you know, the more these solutions that are driven through State governments, and I am speaking totally from the local level here, that more of those solutions that are driven through State governments, the more levels of confusion that, you know, develop.

Anything you can do to streamline that process, and again give those local governments the flexibility, and communities the chance to innovate and come up with different solutions would be great.

Mr. HARRIS. Thank you, sir. Ms. Sims, real quickly, in the few seconds I have left, in your testimony you mentioned the varying child care preferences parents could have for their kids, including faith-based providers. In your view, what role can faith-based providers play in increasing access to child care services?

Ms. SIMS. I think primarily it is to continue to participate in the program, and also, I think there is much more we can do to advertise to the faith community that—and CCDBG is a very unique program. You can participate in the program and not have to check your faith at the door. That is a crucial piece of what makes CCDBG such a unique program is that they can fully participate.

That often we can put roadblocks up for faith providers, and they need to understand that this is a completely inclusive program for them.

Mr. HARRIS. I appreciate that because in the past the proposals on the other side have tried to force faith-based institutions to choose between operating according to their sincere held beliefs, or maintaining access to Federal funds, and I think you make an excellent point. Mr. Chairman, I yield back.

Chairman KILEY. Representative Adams of North Carolina is recognized.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you to the witnesses for being here today, and for your testimony. After years of working families struggling to afford the costs of child care, I am glad to see that this Committee has finally decided to hold a meeting, a hearing on the subject.

Child care is hard to find. It is even harder for working families to afford. This is a crisis, and Congress needs to work tirelessly to ensure that our children are cared for. What sort of solutions are Republicans bringing to the table? Well, the Department of Labor cut child care for its employees, and the President is not requesting any additional funding for Head Start.

As Maya Angelou reminded us, "When someone shows you who they are, believe them." House Democrats are working to make child care more affordable, to ensure that child care workers can make the ends meet. We are introducing legislation, as you have heard, like the Child Care for Working Families Act because we understand that as Marian Wright Edelman said, that the future which we hold and trust for our own children, will be shaped by our fairness to other people's children as well.

Dr. Friedman, child care professionals in a center earn an average of \$33,140 per year. That puts many child care workers in the position of not being able to afford child care for their children.

Can you tell us more about the child care workers in this country, and whether most of them can make ends meet based only on the money that they make from working in a child care center? How do these wages impact the childcare workforce?

Ms. FRIEDMAN. Thank you. As you said, the child care workforce is one of the lowest paid professions in this country, despite the very essential and important work that they do every day for families and for this country. The real problem is that parents cannot pay higher fees, and providers can barely keep the staff that we have.

In talking to providers over the past few years, you know what I heard over and over again, is they continue to lose staff to places like fast food or Costco, because those places pay better and have better benefits. Unless we address the wages of the child care workforce, we will not have enough child care in this country.

Ms. ADAMS. Thank you. Because of low wages, many care workers rely on public assistance in order to survive. Researchers at Berkeley estimate that 43 percent of the child care workers, the families rely on some kind of public assistance like SNAP, or Medicaid to survive on these insufficient wages.

Some of my colleagues across the aisle might be under the impression that recipients of Medicare or SNAP do not work, but that's just not true. Dr. Friedman, if cuts to Medicaid or SNAP made it impossible for childcare workers to make ends meet, what would you expect to happen, and would they be able to keep working, and now if those workers did not keep working, what would the impact be on child care costs and availability for other families?

Ms. FRIEDMAN. I think the cuts, the proposed cuts to Medicaid and SNAP are very, very dangerous for the child care workforce. About 30 percent of childcare workers count on Medicaid. In expansion states, child care workforce has health insurance at four times the rate of states who did not expand, and so if those cuts go through, you are going to see that the workforce cannot make ends meet, and they will leave their child care jobs for other jobs.

As a result, we will see the child care supply in this country go down.

Ms. ADAMS. Thank you, ma'am. In your testimony, Dr. Friedman, you mentioned the Department of Government Efficiency cuts at the Office of Child Care. Could you provide more details about what those employees did to support the child care development fund, and how these firings will impact the administration of the childcare development fund?

Ms. FRIEDMAN. Absolutely. Congress just recently gave the Office of Child Care the resources it needed to support implementation of CCDF, and those staff were doing a variety of things. One of the things that we heard from states is that the Office of Child Care was not responsive enough quickly with State questions, and that we needed more timely responses.

We needed more timely monitoring, so that they knew what they were doing, and what they could be doing better. In addition, the five offices, regional offices that closed, those experts very closely

worked with State agencies to maximize the State flexibility and State dollars.

We lost all of that expertise and by cutting the staff by 50 percent, everyone has to do another job. You cannot do the same job. You cannot support the program. You cannot oversee the program correctly.

Ms. ADAMS. All right. Thank you very much. Mr. Chairman, I yield back.

Chairman KILEY. I will now recognize myself for 5 minutes. Mrs. Codella Low, we have been talking today a lot about how—about the economic consequences of parents having to drop out of the workforce because of the unaffordability of childcare, and then because you are not in the workforce, you become even more unable to afford child care, and it is the sort of vicious cycle.

Conversely, I would have to imagine it's also true that there are families who actually delay having children because of the unaffordability and being able to access care. We know that this is a general trend in this country is delaying—I mean there are a lot of reasons for it, but I have to imagine this is one of them.

Is there evidence for that? That this is one of the factors that is causing families to delay like expanding their family?

Ms. CODELLA LOW. I do not know that their—I cannot speak to that.

Chairman KILEY. Do you have any evidence, Ms. Sims?

Ms. SIMS. I have seen some of these reports but have not read any of the research to validate that one way or another.

Chairman KILEY. Yes. It seems that the goal is to be able to give people all the options they can, or to have to plan their families in the way that they would like, and then to balance that with their careers. That strikes me as what should be the goal when it comes to these issues of affordability.

Another issue we have touched on repeatedly is the workforce challenges faced by childcare providers. You know, we are in this period of great transition in many industries, which is likely to accelerate in the next few years with advancements in AI, and other technology that will likely lead to the need for people to have career transitions.

The child care industry is probably one that is going to be among the least affected because of the highly human and personal nature of that work, so is there an opportunity here to have job retraining type programs that will move people into the child care industry? I will give that to you as well.

Ms. CODELLA LOW. Sure. Thank you for the question. I will say that personally being the mom of two, child care was—is a major factor in affordability of childcare, it is a major factor. In most urban areas it is extremely challenging, but in terms of workforce, this is—I have to say that the Bipartisan Policy Center launched a Commission on the American workforce earlier this year, getting at exactly that.

We are in a moment of great transition, and the skills necessary to take on any job requires a lot of time and attention at a Federal level, and also at a State and local level. These are some of the issues that we are tackling right now, thinking about how do you use opportunities to train and retrain workers to put them into or

provide opportunities for them to matriculate into jobs that we know the economy will be able to sustain, and also sustain them.

Chairman KILEY. Great. Yes, I think this is just a huge opportunity that could really help with a big element of this problem. Finally, Mayor Barton, very inspiring to see the work that you have done in your community. I am curious, you mentioned that the center that has been started is a collaboration on the private sector philanthropy and the local government, so what is sort of the role of the business community here?

In that case it seems you kind of came together around a center that can be used in families. Seven employers provide sort of in-house services to employees if they are big enough, so how can we really create the right incentives for the business community to help with this problem?

Mayor BARTON. Well, this was born out of our annual visits with those businesses, and we repeatedly heard that the childcare issue was keeping people out of the workforce. There was also the realization that they were willing to invest on the health side, with the near site wellness clinic, so that was a moment for us to understand that maybe we could translate that to the child care site.

Their involvement in this has been really on the fundraising and the sustainability side, so each of those businesses has committed at different levels for the initial construction, and the sustainability model. We sustain our center with ongoing funding. It is not a one time, and that is something we were very aware of as we created this model.

We did not want to open a center and have it close 2 years later because it was not sustainable, so that piece is in there as well. That is the role of the businesses there. In exchange, their employees get priority seating, so they get to move to the top of the list, you know, because sometimes we have more requests than we have seats.

They also get a seat on the governing board that oversees the center. We give them some say in how we operate it, but you know, we really rely on the professional input of the operator, and then the governing board there is really looking after the financial side of it. Businesses have to have a stake in this. They have to be involved, and it is about, you know, their success in our community as an employer, being able to attract and retain employees.

You know, as we move forward, there is no single greater factor for these businesses that succeed than to think about the pipeline for tomorrow. I think they are investing in what is going to happen in 20 years.

Chairman KILEY. Thank you very much. Representative Ansari of Arizona is recognized.

Ms. ANSARI. Thank you. Thank you so much to our witnesses for being here today. Very helpful testimonies. It is no question that the cost of living has gone up much faster than wages over the years. Having one source of income is often extremely unrealistic, so for many families with young children they have to choose between either a second income or paying out for child care.

I represent Phoenix, Arizona. In Arizona the price of center-based child care for two children is over \$27,000 annually, according to recent research by Child Care Aware of America. That is

higher than the average cost of housing, and completely unrealistic in districts like mine where the average household income is only \$87,000 per year, and much lower in many parts of the district.

Family child care on the other hand, is significantly less expensive than center-based care. In Arizona, it is about \$10,000 annually per child, versus \$15,000 for center-based care. Dr. Friedman, can you talk about how those two types of care differ, and why a parent might choose one over the other? Why is family childcare important in this sector?

Ms. FRIEDMAN. As I think all the panelists have said, I think it is really important that there are a lot of choices in the child care market for families to choose between. It is a very personal decision, where you put your baby while you are at work, and what might feel right to one parent feels very different to another.

For some, the smaller size of a family childcare feels much more comfortable, for others they really like the structure of a center. I think it is really important that our child care policies support both—all of these different models, so that parents continue to have those choices.

You know, one of the reasons family child care, the price is less, is because the person running it usually is doing multiple jobs, and so they are not taking a salary for themselves. You know, that is not necessarily a highlight of the model, and what we need to be doing is making sure that all of these different childcare settings are available for families, so they can make those decisions.

Ms. ANSARI. Thank you. Mrs. Codella Low, how can Congress help sustain and grow family child care through existing programs or new Federal investments?

Ms. CODELLA LOW. Yes, I think that as the panel has said today, choices are important for parents, as well as affordability, right? Both of these things go hand in hand. When any parent is looking at a center, or excuse me, an option for their child, they are looking at a lot of really important factors.

You know, affordability lives in that. The other thing that Dr. Friedman just expanded on, is that a lot of parents feel really excited about the opportunity to be able to go to a neighbor or go to a family child care center. Giving the flexibility and allowing for parental choice in all of our methods, right, like this mixed delivery system is so important to our ability to provide the necessary care for all Americans.

What we have right now in center-based care does not fit the need. What we have right now in family based does not fit the need. What we have in family friend and neighbor, all of these things together need to be a core component in thinking about choice and flexibility for parents to make the decisions that make the most sense for them.

Ms. ANSARI. Thank you. You know, we know from 2023 to 2024, that the number of licensed family childcare homes increased by 4.3 percent. Again, according to Childcare Aware of America, this marks the first time in several years that we saw an upward trend in the number of licensed family childcare homes.

I have also heard concerns that licensing standards, including those that are meant to ensure health and safety of all involved negatively impact those providers, and their ability to actually pro-

vide these childcare services. Dr. Friedman, one more question for you. Can you talk a little bit more about this impact?

How can policymakers balance the need for health and safety without negatively impacting our childcare providers?

Ms. FRIEDMAN. To be clear, I do not think it is the Federal regulations that are causing problems for family childcare providers in places. The Federal regulations very much support and promote family child care. I think states, it is always worth taking a look at regulations and making sure that they are right sized.

In particular, making sure there are not barriers to business operation. That is different than deregulating for child health and safety which is something that should not happen. One of the conversations I had with family child care providers as Director of the Office of Child Care, is she was going to lose her business because of HOA policies.

That is the type of thing that I do think that states need to be taking a look at and making sure that those barriers are out of the way for family child care, so that they can operate, and with investment, supply can grow.

Ms. ANSARI. Thank you so much. I know I am a little over time. I really appreciate it. I just—Mr. Chair, I would like to ask unanimous consent to enter the following Marshall Plan for Mom's report into the record, it is titled, "The Business Case for Child Care, How Parent-Focused Employee Value Propositions Help Companies Win the War for Talent."

Mr. THOMPSON [presiding]. Without objection.

[The information of Representative Ansari follows:]

The Business Case for Child Care

HOW PARENT-FOCUSED EMPLOYEE VALUE PROPOSITIONS HELP COMPANIES WIN THE WAR FOR TALENT



MARSHALL PLAN | FOR MOMS



3	Executive Summary: The Business Case for Child Care
5	A Letter from Marshall Plan for Moms Founder & CEO Reshma Saujani
6	COVID-19 and the Reduction of Women's Labor Force Participation
7	Lessons from the Child Care Crisis Could Boost Economic Output
8	Child Care, the Great Resignation, and How Businesses Can Bring Back Workers
9	A Four-Step Approach for Businesses
10	Case Studies: How Companies are Supporting Working Parents
11	Conclusion, Methodology, Disclaimers
12	References

EXECUTIVE SUMMARY

The Business Case for Child Care

HOW PARENT-FOCUSED EMPLOYEE VALUE PROPOSITIONS HELP COMPANIES WIN THE WAR FOR TALENT

This report seeks to understand the impact of the U.S. child care support ecosystem on companies and workers and how the private sector can address child care needs and help companies win the war for talent. McKinsey & Company served as a knowledge partner for this report, providing research, data, and analysis, including insights from a survey of 1000+ American parents with children ages 0-5. Survey details can be found in the Methodology and Disclaimers sections.

COVID-19 and the Reduction of Women's Labor Force Participation

Disruptions to school and child care during the COVID-19 pandemic caused working mothers to leave or lose their jobs at a higher rate than fathers—and many have not returned. Single mothers of color have been particularly affected with the highest unemployment rates among different parent populations.¹ Even before the COVID-19 pandemic, household labor was already imbalanced. In fact, women in the United States spent 37% more time on unpaid household and care work than men,² with insufficient policy attention focused on meeting the needs of working mothers.³

1.1M

THE NUMBER OF WOMEN STILL OUT OF THE LABOR FORCE AS OF JANUARY 2022. BY THE SAME POINT, MEN HAD RECOUPED ALL PANDEMIC-RELATED JOB LOSSES, EVEN GAINING AN ADDITIONAL 100,000 JOBS.⁴

3:1

RATIO OF WOMEN* WHO LOST THEIR JOBS RELATIVE TO MEN* SINCE FEBRUARY 2020.

CHILD CARE CHALLENGES IMPACT WOMEN MORE THAN MEN ACCORDING TO SURVEY RESPONDENTS.

Survey participants with children ages 0-5

■ WOMEN ■ MEN

CHILD CARE AVAILABILITY OR EXPENSE CITED AS A REASON FOR LEAVING THE WORKFORCE

14% 45%

HELD BACK PROFESSIONALLY DUE TO CHILD CARE RESPONSIBILITIES

38% 57%

U.S. Child Care in Crisis

The U.S. child care system not only often fails working families—it is also contributing to long-term trends that could imperil American competitiveness.

Other countries are increasingly investing in child care as a lever for economic competitiveness. For example, China provides tax exemptions for the cost of raising children under three and for day care providers,⁷ while Germany guarantees day care spots for all children over the age of one.⁸

PARENTS IDENTIFIED 5 PRIMARY CHALLENGES IN THE U.S. CHILD CARE SYSTEM



AFFORDABILITY

For 80% of families, child care exceeds Department of the Health and Human Services (HHS) recommended affordability level.^{10, 11}



ACCESSIBILITY

51% of Americans live in child care deserts.¹²



CONVENIENCE

28% of parents said that convenience was their greatest concern.



RELIABILITY

Only 6% of hourly workers surveyed have access to emergency back-up care.



QUALITY

Only 13% of families attend child care rated "high quality."¹³

\$840B

AMOUNT IN ECONOMIC OUTPUT THAT THE U.S. IS POTENTIALLY LOSING OUT ON WITH WOMEN'S LABOR FORCE PARTICIPATION MUTED, ACCORDING TO MCKINSEY GLOBAL INSTITUTE.⁹

Making the Business Case for Child Care Benefits

PROVIDING CHILD CARE BENEFITS CAN IMPROVE RECRUITMENT AND RETENTION RATES, WHICH MAY INCREASE WORKER PRODUCTIVITY AND REDUCE BURN-OUT.



RECRUITMENT
69%

of women with children ages 0-5 looking for employment stated that benefits that help with child care expenses or on-site child care would make them more likely to choose an employer.



RETENTION
83%

of women and 81% of men with children ages 0-5 said that child care benefits would be a very important or somewhat important factor in deciding whether to stay at their current employer or switch employers.



ADVANCEMENT
53%

of women with children ages 0-5 cited child care as one of the reasons they left the workforce temporarily, took on fewer hours, or moved to a less demanding job.

88%

OF WOMEN WITH CHILDREN AGES 0-5 LOOKING FOR A JOB SAID THAT HAVING WORK FLEXIBILITY, PREDICTABLE HOURS, OR CHILD CARE SUPPORT WOULD MAKE THEM MORE LIKELY TO CHOOSE AN EMPLOYER.
(HHS)

How Businesses Can Support Parents and Mitigate the Great Resignation

MARSHALL PLAN FOR MOMS SUGGESTS A FOUR-STEP APPROACH FOR BUSINESSES TO CREATE THEIR OWN CHILD CARE BENEFITS SOLUTIONS:



1. UNDERSTAND EMPLOYEE NEEDS.

Conduct assessments of employee child care needs to understand where gaps may exist for working parents in your organization.



2. RECOGNIZE THAT ONE SIZE DOES NOT FIT ALL.

Analyze survey results by race, gender, ethnicity, hourly vs. salaried workers, and single vs. multi-parent households to ensure solutions are adapted to different life experiences.



3. DESIGN IN CONSIDERATION OF BUSINESS FACTORS.

Create an approach that supports employees and works within your business model by analyzing various solutions and considering the return on investment of offering child care benefits.



4. BUILD AWARENESS.

Provide child care benefits—and empower employees to use them, which may also increase company loyalty and boost confidence in the workplace.



THE BUSINESS CASE FOR CHILDCARE

4

A Letter from Marshall Plan for Moms Founder & CEO Reshma Saujani

Eighty years ago, America faced a problem. It was the second year of the Second World War, and with men off fighting for our freedom, the government needed more laborers to staff its factories. So, they devised a plan: encourage stay-at-home mothers to join the workforce and subsidize child care to ensure their kids don't fall through the cracks. The plan worked: over half a million children attended government-subsidized nursery schools, which cost parents between 50 and 75 cents a day (or around \$12 today).

When the war ended, so too did the day care program (though, again thanks to moms, it didn't go down without a fight). But in the years since, as more and more women entered the workforce, the demand for affordable, reliable, high-quality child care only grew.

And then, America was hit with another once-in-a-generation crisis—one that didn't compel women to join the workforce, so much as force millions of us from it. The pandemic exposed and exacerbated the cracks in our long-broken child care system: one where the cost of care is often higher than a woman's wages; where existing day care options are neither high quality nor convenient; where "child care deserts" cover more than half the country. And though it seems only fair that men take on their share of the burden in filling in the gaps, it's women who take on the bulk of caregiving, often at the expense of their careers.

Though women are disproportionately affected by this disparity, they're hardly the only ones to pay the price. With the lowered women's labor force participation rate, of which insufficient child care is a contributing cause, the U.S. is potentially losing up to \$840 billion in economic output annually. And in the midst of a talent crisis—in which the "Great Resignation" has given way to a historic labor shortage—companies are in desperate need of a "Great Return."

As we emerge from this crisis, America can't afford to follow down the same path it took in 1946. Rather, we have to seize this opportunity to fundamentally rebuild our child care system and make work finally work for mothers. And this time, we're asking the private sector for help.

Because just as the absence of child care hurts moms, their employers, and the economy as a whole—the opposite is also true. When companies offer paid, gender-neutral child care, it advances equity in the home, allowing for a more even distribution of the invisible labor of raising kids and running a household. It improves recruitment and retention, productivity and advancement in the workplace. And it stands to add trillions to the American economy.

Moms can't wait any longer—and neither can the organizations that need our talent and time.

Let's get to work.



COVID-19 and the Reduction of Women's Labor Force Participation

The emergence of COVID-19 in late 2019 and early 2020 threw the global economy into a tailspin and held up a mirror to our systems, culture, and values. The pandemic revealed hidden truths and invited Americans to question long-held assumptions about what types of labor—and whose labor—was seen as valuable, and why.

When what felt like overnight, schools, day cares, and child care programs closed, working mothers stepped in to fill the child care gap, leaving—or being forced to leave—their jobs at a higher rate than fathers. In fact, more than 1.4 million moms left the labor force in 2020 alone, adding to the dramatic drop in employment now referred to as “The Great Resignation.” Single mothers of color have been particularly affected with the highest unemployment rates among different parent populations.¹ Even before the COVID-19 pandemic, women in the United States spent 37% more time on unpaid household and care work than men,² with insufficient policy attention focused on meeting the needs of working mothers.³

1.1M

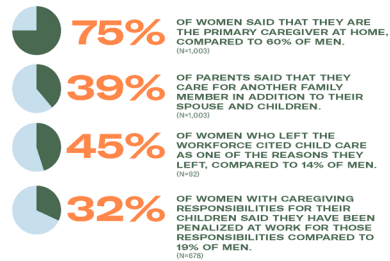
THE NUMBER OF WOMEN STILL OUT OF THE LABOR FORCE AS OF JANUARY 2022. BY THE SAME POINT, MEN HAD RECOUPED ALL PANDEMIC-RELATED JOB LOSSES EVEN GAINING AN ADDITIONAL 100,000 JOBS.⁴

3:1

RATIO OF WOMEN* WHO LOST THEIR JOBS RELATIVE TO MEN* SINCE FEBRUARY 2020.

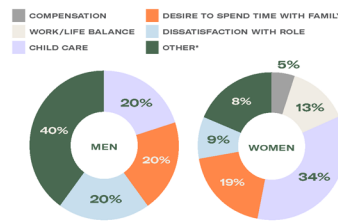
As of May 2022, many working mothers still have not returned to the workforce, confirming what a U.S. Census study warned in 2021: that the economic recession hitting working mothers would become prolonged and increasingly severe.¹ Our survey of 1000+ parents with children ages 0-5 found that child care was one of the reasons most commonly cited as to why they had left the workforce. The detailed survey methodology is outlined in the Methodology section of this report.

Even before the pandemic, women earned more than 50% of undergraduate degrees in key sectors, such as healthcare, which is critical to American economic output. However, women also faced disproportionate household and care responsibilities² and insufficient child care infrastructure, creating barriers to both entering and advancing in the workforce.



WOMEN REPORT LEAVING THE WORKFORCE DUE TO CHILD CARE AT HIGHER RATES THAN MEN.

Mothers and fathers have differing responses for voluntarily leaving the workforce (not laid off or furloughed):



*INCLUDES RESPONSIBILITY TO CARE FOR AN INFIRM FAMILY MEMBER (N=1,000)

UNDERGRADUATE DEGREES BY SEX, 2018-2019¹⁴

■ WOMEN ■ MEN



THE BUSINESS CASE FOR CHILD CARE

9

Lessons from the Child Care Crisis Could Boost Economic Output

During COVID-19, the U.S. child care sector underwent a systems failure brought about by decades of underinvestment. The COVID-19 pandemic focused the nation's attention on the patchwork caregiving ecosystem made up of day care (center-based, home-based), nannies/babysitters, family and friends, private pre-K, and afterschool care that parents are required to navigate.

PARENTS IDENTIFIED 5 MAIN CHALLENGES RELATED TO THE CHILD CARE ECOSYSTEM:



AFFORDABILITY

For 80% of families, child care exceeds the Department of Health and Human Services (HHS) recommended affordability level of 7% of household income.^{10,11}

\$260K

IN HOUSEHOLD INCOME IS NECESSARY TO AFFORDABLY COVER THE CURRENT AVERAGE COST OF CARE FOR TWO CHILDREN, ACCORDING TO THE HHS THRESHOLD OF 7%.^{10,11}



ACCESSIBILITY

51% of Americans live in child care deserts, across both rural and urban areas.

A CHILD CARE DESERT¹² IS ANY CENSUS TRACT WITH MORE THAN 50 CHILDREN UNDER AGE 5 THAT CONTAINS EITHER NO CHILD CARE PROVIDERS OR SO FEW OPTIONS THAT THERE ARE MORE THAN 3X AS MANY CHILDREN AS LICENSED CHILD CARE SLOTS.



CONVENIENCE

28% of parents with children ages 0-5 in our survey say that their most important concern with paid child care is convenience; this was particularly true for Black and Native American respondents, compared to other races and ethnicities.



RELIABILITY

35% of child care centers that closed early in the COVID-19 pandemic have remained closed one year later,¹³ while only 6% of hourly workers with children ages 0-5 in our survey indicated they had access to emergency back-up care.



QUALITY

Only 13% of two-year-old children attend child care that is rated as "high quality."¹⁴ 48% of parents with children ages 0-5 reported that the quality of child care was their main concern.

With women's labor force participation muted, the U.S. is potentially losing out on up to \$840 billion in economic output annually. That means 40% of the incremental GDP can be obtained from higher female labor force participation.⁸ Meanwhile, many countries are investing in child care as a lever for economic competitiveness, such as China,⁷ Japan,¹⁵ Canada,¹⁶ and Germany.⁹

\$840B

AMOUNT IN ECONOMIC OUTPUT THAT THE U.S. IS POTENTIALLY LOSING OUT ON WITH WOMEN'S LABOR FORCE PARTICIPATION MUTED.

THE BUSINESS CASE FOR CHILD CARE

Access to suitable child care is key to helping women return to the workplace and stay there long-term. Unfortunately, the opposite is also true: when families cannot find suitable care, women's employment is disproportionately impacted.¹⁵ Our study found that states with fewer child care deserts have higher maternal labor force participation. This is particularly true of parents with lower incomes: 67% of respondents with children ages 0-5 making less than \$30,000 and 50% of those earning \$31,000-\$50,000 selected child care as a key reason they are not currently working. For many workers, their pay may not cover the cost of child care. And yet, working parents have only limited access to child care benefits in the workplace. Across the board, hourly workers have fewer child care benefits than salaried workers, and employees in rural areas have fewer benefits than those in urban areas.

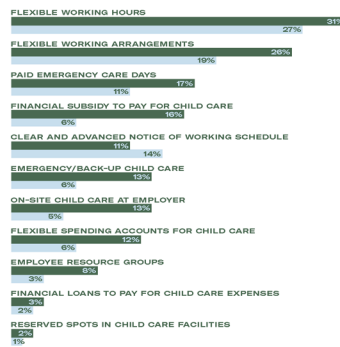
1 in 11

PARENTS REPORTED HAVING ACCESS TO FINANCIAL SUBSIDIES TO PAY FOR CHILD CARE OR ON-SITE CHILD CARE AT THEIR EMPLOYER.

CHILD CARE BENEFITS THAT RESPONDENTS RECEIVE FROM THEIR CURRENT OR MOST RECENT EMPLOYER:

Survey of parents with children ages 0-5 (n=1003)

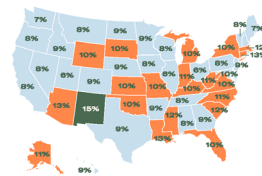
■ SALARIED WORKERS ■ HOURLY WAGE WORKERS



INCREMENTAL 2025 GDP OPPORTUNITY FROM INCREASING GENDER PARITY IN THE WORKPLACE

All states can add 5% or more to GDP by increasing women's labor force participation; 25 states could gain 10% or more.⁸

■ 5-10 ■ 10-15 ■ 15+



Child Care, the Great Resignation, and How Businesses Can Bring Back Workers

Corporate America is in the midst of a talent crisis, with insufficient child care support for employees as one contributing cause. Nearly 4.3 million people quit their jobs in January 2022 alone, following a record year for resignations, in which almost 48 million people quit their jobs.¹⁹

Employers that provide child care benefits can improve recruitment and retention of women, increase worker productivity, and in turn, boost overall American competitiveness.

THE BENEFITS MOST IMPORTANT TO WOMEN WITH CHILDREN AGES 0-5 WHO ARE LOOKING FOR A JOB WERE:

-  Flexible working arrangements
-  Predictable hours and scheduling
-  Company support with child care expenses

88%

OF WOMEN LOOKING FOR A JOB SAID THAT HAVING ACCESS TO ONE OF THESE BENEFITS WOULD MAKE THEM MORE LIKELY TO CHOOSE AN EMPLOYER.
(N=98)



RECRUITMENT

69%

of women with children five and under who are looking for employment selected help with child care expenses or on-site child care as one of the benefits that would make them more likely to choose an employer.
(N=98)



RETENTION

83%

of women and 81% of men with children five and under said that child care benefits would be a very important or somewhat important factor in deciding whether to stay at their current employer or switch employers.
(N=100)



ADVANCEMENT

53%

of women and 39% of men with children five and under who left the workforce temporarily, took on less hours, or moved to a less demanding job cited child care as one of the reasons.
(N=57)

EMPLOYERS CAN DO MORE TO PROVIDE CHILD CARE ACROSS FIVE SOLUTION AREAS TO CREATE A MORE SUSTAINABLE, EQUITABLE WORKPLACE FOR WORKING PARENTS.



AFFORDABILITY
Options fit within parents' spending means and do not create outsized cost burdens

POTENTIAL EMPLOYER OFFERING

- Subsidies for child care costs (e.g., full or partial subsidies, for centers, at-home or friends, family or neighbor care)
- Creative financing models for child care (e.g., interest-free or forgivable loans to cover immediate child care costs)
- Dependent-care flexible spending accounts (FSA)



ACCESSIBILITY
Locations provide an adequate number of spots and sufficient child care workers to serve children's needs

POTENTIAL EMPLOYER OFFERING

- On-site day care (on-site or in-building, child care workers on company payroll)
- Demand guarantees for centers in child care deserts (e.g., companies collaborate to provide financial guarantees to centers, encouraging center operations)
- Provision of company real estate at a low-cost lease for new child care centers



CONVENIENCE
Options align with parental lifestyle including location and operating hours

POTENTIAL EMPLOYER OFFERING

- Flexible hours or working arrangements
- Telework or "bring baby to work" programs
- Support to cover individual care arrangements (e.g., center-based, in-home or friends, family or neighbor care)



RELIABILITY
Coverage that is reliably open, including when primary child care is unavailable

POTENTIAL EMPLOYER OFFERING

- Predictable scheduling (e.g., providing schedules in advance to hourly workers, keeping schedules consistent)
- Back-up child care options (e.g., emergency coverage through center or home-based care)
- Paid emergency care days (e.g., dedicated child care leave days)



QUALITY
High-quality child care that is equitably available to employees in different roles and companies

POTENTIAL EMPLOYER OFFERING

- Child care census to understand employee needs
- Expansion of child care benefits to hourly workers and contractors (directly or through contractor requirements)
- Pooling of resources for child care benefits among small businesses to distribute costs

Marshall Plan for Moms Recommends a Four-Step Approach for Businesses to Create their Own Child Care Benefits Solutions

Companies can better meet their employees' child care needs by diagnosing the problem, designing feasible solutions, and driving adoption. Organizations that are just beginning their journey to better support working parents with child care can follow this four-step approach—one that centers employee feedback, accounts for different life experiences, and creates practices that work best for all employees:



1. UNDERSTAND EMPLOYEE NEEDS

Taking a market-research approach to employee benefit planning can result in higher employee motivation and satisfaction with the benefits package that is developed. Leaders can start by conducting employee surveys, individual interviews or focus groups, and more in-depth research to better understand their employees' current child care challenges, needs, and ideas about how the company can best support those needs. If a current

benefits plan exists, undertake a corporate audit to understand the level of support for working parents and review existing child care benefits to measure uptake, satisfaction, barriers, and limitations. Lastly, conduct affordability assessments to uncover gaps in support across hourly-wage and salaried workers. As indicated in our data, these two groups have different needs that should be addressed.



2. RECOGNIZE THAT ONE SIZE DOES NOT FIT ALL

Leaders must be mindful of varying circumstances and life experiences when creating global policy changes. Analyze survey results by race, ethnicity, and household make-up to ensure solutions are designed to meet different employees' needs. For example, in our survey, Black and Native American workers were more interested in child care convenience factors (e.g., aligning work hours with irregular work hours, distance, and availability of back-up care) than other racial and ethnic groups. You should also consider how race and parental responsibilities co-mingle in workplace cultures. For example, 34% of Black primary caregivers felt that they have been penalized at work because of their caregiving responsibility, more than respondents from other racial or ethnic backgrounds. Furthermore, approximately a quarter of children in the U.S. live in single-parent households, over 80% of whom live with their mothers. A study conducted prior to the COVID-19 pandemic estimated that single moms

spend an average of 36% of their income on child care, making affordability a primary concern.²⁰

The same sensitivity to variance goes for hourly and salaried employees. Hourly workers with children ages 0-5 were over three times more likely than salaried workers to value on-site child care when deciding between employers. Fifty-eight percent of hourly workers with children ages 0-5 said predictive scheduling would make them more likely to select one employment offer over another, while flexible working arrangements were the benefit most likely to lead both salaried and hourly workers to choose one employer over another. If your organization employs parents making low or minimum wage, you may consider sliding-scale solutions that provide support to those who most need it. These types of insights can help employers accurately distribute resources and make decisions that will benefit the most workers.



3. DESIGN IN CONSIDERATION OF BUSINESS FACTORS

The right child care benefits solutions for any company that meet employee needs contextualized within their company's operational, financial, and resource realities.

First, when it comes to operational considerations, leaders must assess how the child care interests of employees can work within an organization's existing business model. For example, if offsite work arrangements are not practical for hands-on professions, predictive scheduling may be a viable alternative.

Second, evaluate how child care benefits could influence your bottom line from a holistic perspective. For example, some companies may recoup much or all of the expenses related to the cost of child care benefits through improved employee retention.

Third, review your capabilities and assets. This calls for critical and creative thinking. Pooling resources for child care benefits among small businesses could help distribute costs. Consider what underutilized corporate assets could be brought to bear. For example, vacant or under-used real estate could be a viable location for worker child care centers.



4. BUILD AWARENESS OF BENEFITS AND DRIVE ADOPTION

Educating employees about the available programs and normalizing their use is critical for securing employee retention, supporting recruiting efforts, and capturing important data that informs a longer-term child care benefit strategy. Senior executives can emphasize the importance of child care in their

own lives. Leadership can also help remove the hesitance some workers might have about seeking help with child care by speaking out in town halls and public events about how important child care is to meeting company goals.

CASE STUDIES

How Companies are Supporting Working Parents

Bank of America

Bank of America provides child care subsidies to make child care more affordable for all employees. Employees can receive up to \$275 per month, per eligible child, through the Child Care Plus program. The benefit is offered for employees making less than \$100,000 per year. It can be used for both formal and informal child care (e.g., nanny, neighbor), is applicable to children under 13 years old, and is available for full and part-time employees, as well as salaried and hourly wage workers.²¹

Patagonia

Patagonia's on-site child care centers are available to both retail and corporate employees. The organization provides on-site child care at headquarters in Ventura, CA, and a distribution center in Reno, NV. The tuition is assessed on a sliding scale based on household income. Spaces are available to both hourly and salaried workers and to retail workers at locations near the child care centers. Patagonia recoups ~90% of the cost of the child care center through tax benefits, employee retention, and employee engagement.²²

Synchrony

Synchrony credits its approach to supporting families through the pandemic for how well they weathered the storm as an institution. Synchrony assessed child care needs for both corporate and call center employees through surveys and listening sessions to empower employees to identify the most pressing needs and solutions. Synchrony offers a package of benefits including 60 days of back up child care, virtual afterschool/summer camp programs and tutoring, flexibility in hours and in working from home. Synchrony's back-up care benefit made it easy for their employees to choose the best provider for their situation (e.g., family member, home-based care or child care center), ensuring employees could access backup care on short notice.



AFFORDABILITY



ACCESSIBILITY



CONVENIENCE



RELIABILITY



QUALITY

Conclusion

This report and its supporting research establish child care as a key policy issue that the private sector can no longer afford to ignore or relegate to being only a “women’s issue.” As American companies restructure the labor landscape to reintegrate working parents, senior leaders have a once-in-a-generation opportunity to accelerate innovation, support families across the country, and build a more resilient American economy.



Methodology

The survey and accompanying research conducted by McKinsey & Company with Marshall Plan for Moms sought to understand the U.S. child care landscape while exploring ways to drive corporate engagement. The data we collected sought to understand parents’ needs, identify levers to meet those needs, and isolate the business case for corporate engagement. McKinsey surveyed 1,000+ respondents with a focus on parents with children ages 0-5 with a population that is census-representative across different archetypes (e.g., hourly vs. salaried employees; low-, mid-, and high-income). Survey data was disaggregated and analyzed by ethnicity and race where possible. Survey data was augmented by industry reports and data, interviews with subject matter experts and corporate leaders, and a survey of American families (N=5000) with the goal of understanding U.S. workers’ perceptions of the current and future state of the inclusive economy and views on child care.

Disclaimer

We define “mothers” as caregivers that identify as women and “fathers” as caregivers that identify as men. Although gender is non-binary, for the purposes of this survey, only “men” and “women” (a binary approach) are portrayed in the data. As we move towards more inclusive solutions, we encourage organizations to provide equitable data-driven platforms where gender non-binary employees have the ability to be as visible as those identifying as “men” and “women.”

Marshall Plan for Moms is a national movement to center mothers in our economic recovery and value their labor. Download the full report to learn how your business can support mothers and secure a more prosperous economic future for all.

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Ms. ANSARI. Thank you.

Mr. THOMPSON. The gentlelady's time has expired. I now recognize the gentlelady from Illinois, Congresswoman Miller for 5 minutes.

Mrs. MILLER. Thank you Chairman and thank you to all of our witnesses for being here today. I am so happy that I have been able to be a mom and a grandma, and I had the privilege of being able to, between my husband and me, be a caregiver for our own children.

Unfortunately, this has become more of a luxury today, and I think young families are finding themselves in quite a predicament here. They have to find work outside the home to support their growing families, forcing them to secure childcare options during the day.

Other families do have to make the difficult decision to forego the extra income, so one parent could stay home because childcare is simply too expensive. In my district, the median household income is just over \$70,000, and childcare costs between \$8,000 and \$10,000 per child. In many cases, the average income cannot sustain two children in childcare, it is just not feasible.

Republicans are working with President Trump to create a more affordable childcare system, specifically by creating more options for parents to use vouchers. Unfortunately, the Biden-Harris administration had a long record of discriminating against faith-based organizations. Many childcare agencies are also local, and many parents choose to send their children to these organizations because they have a personal connection.

Ultimately, our goal should be to make childcare so affordable that parents do not have to decide between caring for their children or working multiple jobs. Mrs. Low, in 2021, your organization released a report entitled, "Examining the Role of Faith-Based Childcare."

Could you talk more about the importance of faith-based childcare, and why parents should have it as a choice?

Ms. CODELLA LOW. Yes, and I think what we found is that parents use faith-based providers. Often, we know that they are a part of a working mixed delivery system, and I think that that is, you know, the crux of the report shows that parents are making choices. Making choices that work best for them, and for their families, and we also know that access, affordability, reliability, high-quality are all factors that parents are looking at in order to make these decisions.

Faith-based providers only add to a mixed delivery system that we know is necessary to provide the seats for the kids that need spots.

Mrs. MILLER. Absolutely. I am a firm believer that competition drives quality up, and price down. Ms. Sims, could you explain how applying this principle to child care will benefit parents, children, and local economies?

Ms. SIMS. Well, I think just choice in general is always, you know, a good driver toward competition and choice, because if I cannot find it here, I will go look elsewhere. You know, and the faith-based providers are there, family and child care providers there, I think with everyone knows we have talked about, it is all

looking at how do we support like all of these boats to float, and to support them, and that we are not prejudicing one over the other.

That is going to be a variety of techniques that we look at.

Mrs. MILLER. Right, and the children are unique, families are unique, and I think it was a shame that faith-based child care was discriminated against. Mayor Barton, in my district it is quite rural, much like your town of Crawfordsville, we are kind of close actually. What is your message to policymakers who underestimate the economic consequences of ignoring rural childcare access?

Mayor BARTON. Well, we are in a battle for population. A battle for population to maintain our workforce that is the tax base for these rural communities. Whether that is agriculture, manufacturing, whatever it might be, and without the child care piece, rural America starts to suffer.

We are already going through that. We have been in my community for a number of years. I think we have turned the corner, but it has a profound economic impact. The data has shown that time and time again you lose business, you lose industry, you lose productivity.

Then ultimately you lose, you know, spending power in your community and your tax base. It is a vicious cycle once you start down that path. As I said earlier, it is all about the economies of scale, and rural communities are at such a disadvantage when it comes to standing up child care providers, or centers, that we really struggle.

Mrs. MILLER. Right. Rural communities are a wonderful place to raise children. I so enjoyed your biography, and I appreciate that you are a problem solver, and you are looking outside the box and doing great things in your community. Thank you so much.

Mayor BARTON. Thank you.

Mrs. MILLER. I yield back.

Chairman KILEY. Representative Hayes of Connecticut is recognized.

Mrs. HAYES. Thank you. Good morning, and thank you to our witnesses for testifying today. Access to child care is essential for parents to get an education or to enter the workforce. The child care industry was dramatically impacted by the pandemic as we all know. Between February 2020 and April 2020, the number of employees in child care centers abruptly dropped from just over 1 million workers, to around 670,000.

Democrats tried to shield the industry from the worst economic impacts, including a supplemental injection of 15 billion in discretionary dollars into the child care development fund, and 24 billion for childcare stabilization grants, which allowed child care providers to stay afloat.

When we were debating the Build Back Better reconciliation package, I was someone who strongly supported the expansion of universal PreK, and child care was central to that conversation. Addressing the high cost of child care has consistently been a top priority for me.

I introduced the Prospect Act, which expanded child care in community colleges, and brought back CPF funds to my district for child care incubators to develop and train business owners. Ad-

addressing this issue is something that I've tried to approach from every angle.

Today I want to talk about some of those grants. According to an article published in the New Republic, the top 11 chains, almost all of which are backed by private equity or publicly traded, serve only about 12 percent of the 7.5 million children who attend center-based care centers every day.

As we know, these firms have an obligation to their stakeholders and have to generate revenue. For example, disclosures reveal that between 2012 and 2017, KinderCare, which is one example, closed 380 "under performing centers" to increase revenue and enrollment at its remaining centers.

For this reason, I believe that additional investments in the private child care sector must come with some type of guardrails. Dr. Friedman, why is it important that these centers, which are often labeled "under performing" in terms of revenue, are located in low-income-neighborhoods?

Ms. FRIEDMAN. I think we are just beginning to understand what this type of for-profit program, how it is operating in various communities. States are—some states are trying to look at some guardrails. I think there are concerns that a program might be answering to stakeholders instead of to families, and what that might mean for the services that they are delivering.

I think states are beginning to experiment with those guardrails that you are speaking of, and I think there are important lessons to be learned there.

Mrs. HAYES. How does consolidation within the market impact the availability of childcare slots in these communities?

Ms. FRIEDMAN. I think we see quite clearly that what we need to be doing across this country in every single community is growing the supply, and anything that is reducing the supply takes us farther away from what families need.

Mrs. HAYES. Thank you. In 2024, the Biden administration finalized a rule to update the child care and development fund, CCDF, those regulations and support child care quality and accessibility in communities all across the country. The biggest changes in the final rule included capping family co-payments at 7 percent of family income, but allowing states to eliminate co-payments for more families, improving payment practices by ensuring providers are paid upfront requiring states and territories to provide at least some child care services through grants or contracts, and streamlining family eligibility.

Dr. Friedman, what would repealing the 2024 Rule mean for most child care operations during this crisis?

Ms. FRIEDMAN. Repealing that rule is going to mean less stable child care operations, which is going to mean less supply, which means less availability for child care. It is also going to mean increased prices for parents. It would be a tragic mistake to repeal that rule.

Mrs. HAYES. Thank you. I know we have heard a lot about parents having a choice in child care, and I think that is absolutely what we want, but I know personally that for many of those parents, that choice comes down to quality and affordability. That is the biggest thing that we need to address.

I think that availability of more locations, whether they be private centers, community-based, family based, whatever, that there are available slots, and that they have the ability to pay for that care because no parent wants to think that they are compromising care for their child because they had to opt for something just because of the cost, and with that I yield back.

Chairman KILEY. The Chairman of the Full Committee, Representative Walberg of Michigan is recognized.

Mr. WALBERG. Thank you, Mr. Chair, and thanks to the panel for being here. This is a crucial, crucial topic. This is not the same issues as when I was a boy back in the last century. This is something that is extremely important for all that we do in education, as well as in the workforce, so thank you for your written testimonies that are very helpful.

Mrs. Codella Low, you know, in times now that we are seriously looking here in this Congress with the debt, increasing debt, deficits that are going on, it forces us to consider everything in light of that. I guess I would ask the question how can taxpayer funds at the Federal level be used more effectively, not just more extensively, to promote innovative childcare solutions?

Mrs. CODELLA LOW. Yes. Thank you for the question. I think that one thing that I think every single panelist stated, and every member stated was how important child care is to our economic infrastructure. Thinking about child care is a real economic mobility.

You know, of course, any investment of funds requires the need for us to think about these efficiently and think about how we can create innovative solutions. I think, you know, even sitting next to Mayor Barton here, who has looked at a problem in his city, and figured out a way to braid funding, both from the Federal, from the State, and from the local level to create a sustainable solution for his community and to really meet the need of his workforce is a great example.

One that is unique to Crawfordsville but is not unique to the United States. There are so many examples in states like Michigan, the TriShare program that exists, where they are braiding, they are finding opportunities to braid funding and create not only access, but affordability for kids.

Mr. WALBERG. Giving more opportunity for flexibility to the locals.

Mrs. CODELLA LOW. Exactly.

Mr. WALBERG. Okay, okay. I appreciate that. Ms. Hartman Sims, do you believe the current child care landscape offers sufficient room for parental choice, which is big in my book, and if not, how can policy improve that in the area of parental choice?

Ms. SIMS. At the Federal level, the Child Care Development Block Grant is incredibly inclusive of a variety of providers that I mentioned earlier, including faith-based providers, who do not have to check their faith at the door.

I think the area we need to be most cautious of on limiting choice, and this is much—this is really, this is a State issue, the expansion of universal PreK, which can sound lovely in concept, what a lot of the states are doing is limiting choice.

They are pulling threes and fours out of this mixed delivery system that is inclusive of family child care and homes and faith-

based providers, and all of that, and pulling them into a public-school setting, without the option of that parent having that choice. The other issue with that, with universal Pre-K is by pulling threes and fours out of community settings, we are disrupting actually making infant and toddler care more expensive for parents, versus less expensive.

Mr. WALBERG. Okay, okay. Thank you. Mayor Barton, we will move on from our discussion about motorcross of nations, and get on to this issue here, though I would love to discuss more. Crawfordsville has successfully collaborated with philanthropy, local and State government resources and businesses as well, very creative.

How were you able to solicit this type of multifaceted commitment?

Mayor BARTON. You know, the first step was getting everyone to understand that this was a significant problem, and the data showed that. Once that data was available, I think we had everyone's attention. You know, the second piece was, you know, for everyone to understand they had a stake in this, and they had something to lose if we do not solve this.

Businesses had something to lose. Philanthropy, you know, if you do not spend on early childhood education, you know, spend many times more dollars down the road trying to solve problems with our young people. Really convincing everybody that they had stake in this, and that there was a cost for them if we did not do something, and that they would be money ahead to address this early.

I think it is putting all that together, and getting that buy-in, and then ultimately, you know, I think what we have done so well in our community is we come together collaboratively. It is bipartisan. It reaches across every sector of our community to really address these things. As I tell everybody when we get involved in this, you absolutely have to check your ego at the door.

We require that, and we worked under that concept, and it gets us there.

Mr. WALBERG. If you could send this information on how to do that, we would love that. I yield back.

Mayor BARTON. Sure.

Chairman KILEY. The Ranking Member of the Full Committee, Representative Scott. All right, well, I stand corrected. We are going to go to Representative Thompson of Pennsylvania, who will now have 5 minutes.

Mr. THOMPSON. All right, Chairman, thank you, and thank you to you and the Ranking Member for this hearing. Thanks to all the witnesses who are here, incredibly important topic. Mayor Barton, proud to welcome a fellow former firefighter to the dais. I am not surprised at your leadership skills, having that shared value and experience.

Do rural areas share a level playing field with urban areas in terms of addressing childcare needs. What are some of the pronounced differences?

Mayor BARTON. Well, I obviously cannot speak to the urban, you know, situation, but I will tell you from the rural perspective, we have a couple of challenges, and the first I touched on earlier, which is the economies of scale. As I mentioned in my written testi-

mony, I initially thought this would be a pretty easy problem to solve, we will just recruit child care providers to come to our community, and you quickly discovered the numbers just are not there, so that is probably the big thing that we face.

I think the other reality is that for most rural communities we do not have the resources to pursue all of the funding options, and we have talked a lot about grant funding and different types of funding. You have to have the human resources and the time and the ability to seek that out and successfully apply, and then administer, if you are successful.

Rural communities do not always have that. They often just leave it alone, and they do not even pursue those funding options, so both of those things work really against us in the rural communities. I think to a large extent, we feel like we have to solve this alone because we are kind of forgotten out there.

Mr. THOMPSON. Well, as someone who represents a sort of a land mass of Pennsylvania, very rural counties, 18 counties, I mean I think transportation for parents to get to childcare is an issue as well. Is the child care in the direction of where the work setting is? I just—the math of very rural areas, you know, is there enough?

I mean there are kids that we need child care for, but is there enough kids for someone in order to be able to form a—to successfully and financially, you know, put together a child care operation that works as well? I think those are also things in very rural areas that we obviously face as well. Can you speak to the link between child care access and population retention or growth in rural communities like yours?

You did that a little bit. If you want to just expound on that a little bit because I mean we all, you know, we are always—those of us from rural America, we want to be able to grow our population, right, to stop that export of young people.

Mayor BARTON. Yes.

Mr. THOMPSON. What role does childcare play in that?

Mayor BARTON. Well, you know, I have said it several times today, but we are in a battle for population, and what we have seen in Indiana at least, is we see people moving from the more rural areas to the urban areas. There are several factors I think in their decision to do so.

The reality is we are an industrial community. We are a manufacturing community, and to meet the workforce needs of my current employers, I have to grow the population at least modestly. If I am going to meet the needs of future employers, I have to add even additional growth there.

I need to do two things. I need to attract new residents, and most importantly, I need to retain the next generation. We spend a lot of time in our community talking about that. If you want 20 something year olds starting careers and starting families in your community, child care is absolutely at the top of the list of needs in your community.

Mr. THOMPSON. Child Care, rural broadband, housing, I mean because you need a workforce to be able to grow businesses and attract new ones. Ms. Sims, what are some examples where Federal roles or mandates have actually made it harder for families to access care, particularly rural families?

Ms. SIMS. Within like the programs that are under your committee's purview, I do not think there are, as others have said. The CCDBG program is predominantly a State administered, and locally implemented program. There are things in rural America that have been problematic.

It is my understanding, and I am not an Ag expert, but there are some rules within USDA home loans, which is a predominate lender of home lending in rural America that you are not allowed to have a business inside, have a USDA rural home, a mortgage, if you are operating a business within that home.

Which, if you are a family childcare home, you are invariably operating a business, and there has been legislation in past Congresses introduced to have USDA undo that rule, and that's not this Committee's jurisdiction, but I definitely think I have heard that in rural America. That is something that needs to be looked at.

Mr. THOMPSON. Well, as Chairman of the House Agriculture Committee, I will take that back and look at that.

Ms. SIMS. Thank you.

Mr. THOMPSON. There are a few archaic things I have found similar to that that we are trying to fix with this next farm bill. Chairman, thank you so much.

Chairman KILEY. Thanks very much. Representative Owens of Utah is recognized.

Mr. OWENS. Thank you, Mr. Chairman for holding this hearing. I want to thank the witnesses for coming to testify on how access to affordable childcare is giving parents the flexibility needed to participate in the workforce. For several years I have been a champion of the childcare and development block grant, and the flexibility that it provides.

I look forward to speaking to our witnesses and understanding how better to leverage that policy and support our parents and children. Mrs. Codella Low, we have acknowledged there is a nationwide deficit in the workforce participation. Based on your research, what is at stake for local economies and workforce participation when child care is unavailable or unaffordable?

I am sure you were probably asked that already, but I would not mind if you would just extend yourself.

Mrs. CODELLA LOW. Oh, no, absolutely. I think you know there is a lot at stake when we do not have access to affordable, reliable high-quality child care, but the things that come to mind are reduction in workforce participation, loss of income, business disruptions, and I think this is something that has really rippled through the system in the last couple of years.

Certainly, previously to my role at BPC I worked with the U.S. Chamber of Commerce Foundation and spent a lot of time on childcare issues there. Previous to the pandemic you did not hear a lot of business, you know, leaders talk about childcare as an issue that they were thinking about.

Then all of a sudden, the pandemic hit, and we were talking about childcare often. Business disruptions are real. Decreased tax revenue in every single city, but certainly also in states, and then I think as Mayor Barton has also alluded to, a real disproportionate rural impact associated.

Mr. OWENS. Okay. Thank you so much. Mayor Barton, what was your catalyst for engaging businesses to help solve the childcare problem across Crawfordsville?

Mayor BARTON. Well, they were the first to illuminate the problem for us. They were the first to bring this to our attention. We were hearing this every year in our meetings with them. Then, you know, as the data became available, that I think was able to really bring it to the forefront of the conversation, and then really bringing them in as part of the solution was centered on those earlier conversations about the problems.

It is much easier to walk in to the door with a proposed solution and ask for assistance when they have been telling you year after year that a problem exists. It is really through what I call our business retention and expansion program, which we focus on, you know, a great deal in our community.

We visit every business annually. We visit our corporate headquarters, which are generally located in other cities every two to 3 years. It is through those candid conversations where they really share what's working in our community, and what is not working in our community, and where they are seeing issues.

That really opened the door for this discussion and eventual solution.

Mr. OWENS. Yes, this is some indication why we are seeing this workforce deficit, so this is such a great conversation to have. Ms. Sims, how can Federal childcare policies ensure parental choice without picking winners and losers among the providers?

Ms. SIMS. Sure. I think the current Child Care Development Block Grant program, the Federal tax credits, as they are currently done, do not discriminate based on type of provider, faith-based, for-profit, nonprofit, you know, family, center-based. I think you know, places you want to be concerned, and you know, there is—I can—Ms. Friedman, we have known each other for a number of years and there are times that we are going to agree.

A lot of times sometimes we do not, you know, we disagree. I am concerned about the provision that was included in the CCDF regulations requiring states to use some portion on grants or contracts. You know, I understand trying to deal with the lack of care in other, you know, in some areas, but when government is going into a grant or contract, versus a voucher or certificate to parents, it inevitably tends to prioritize one type of provider over another.

I think you know, since CCDBG has been in existence, it has always been about parent choice. I am concerned about that provision in the current final regulations that I believe will limit choice, not increase choice.

Mr. OWENS. Okay. We will make sure we take a good look at it, because choice is really what it is all about, parents' choice, so thank you so much. It is a timely conversation, and looking forward to being part of the solution, so thank you so much. Chairman, I yield back.

Chairman KILEY. Thank you very much. Ranking Member Scott is now recognized.

Mr. SCOTT. Thank you, Mr. Chairman. Mayor Barton, you had a lot of success in expanding capacity, you said 30 percent increase. One of the successes was Camp Milligan, can you tell us a little

bit about that, the age of the children, how many children were in the program, and how much it costs?

Mayor BARTON. Yes. Camp Milligan is a summer day camp, and one of the things that we had noticed is that we were dealing with the early learning piece of this, the preschool type, you know, piece of this. We really realized at some point that we had a big issue with school age children in the summer, and on breaks.

We started Camp Milligan to help address that. We have also helped support other programs in our community, and you're talking about those children that, you know, are not able to care for themselves safely, but still need care in the summer and are out of school.

Camp Milligan is a combination funding from the city. Our Montgomery County Community Foundation, we operate it through our parks and rec department. They have since expanded. We have a program over winter break, over Christmas break to help with childcare then for school aged children.

It is really pulling all of that together to create that while in addition we are supporting other programs such as the Boys and Girls Club.

Mr. SCOTT. How much did it cost?

Mayor BARTON. I do not have those numbers in front of me. I would say, you know, probably in the neighborhood of about \$10,000 for the summer. It is pretty affordable. We are paying the staff.

Mr. SCOTT. How many students?

Mayor BARTON. I do not have the numbers in front of me. I am going to guess probably about 40 students.

Mr. SCOTT. Okay. Did the city appropriate any money for other childcare programs?

Mayor BARTON. What we have done is participate in the hiring of the early learning director to support the other programs, so that director is out there every day helping them with the business model, with personnel matters, with regulatory issues, and so on. We participate in that through the Montgomery County Community Foundation, so no direct funding has gone to any other providers, just channeled through the foundation.

Mr. SCOTT. Has the community foundation put money into it?

Mayor BARTON. Yes, they do.

Mr. SCOTT. Okay. Dr. Friedman, we have heard a lot about the faith-based organizations, and it's my understanding that faith-based providers have always been a major participant in childcare programs, including Head Start and CCDBG. Is that true?

Ms. FRIEDMAN. It is absolutely true.

Mr. SCOTT. When you talk about them not participating or being barred, that is just not true.

Ms. FRIEDMAN. That is simply false.

Mr. SCOTT. Okay. Can you tell us why subsidies are necessary for child care to be affordable?

Ms. FRIEDMAN. Subsidies are necessary because the math does not work in child care. Parents cannot cover what providers actually need to pay their staff, and so if there are not—if there is not child care assistance, we are never going to have the child care we need in this country.

Mr. SCOTT. For infants, the ratio of teachers to students is 4 to 1, so essentially each student has to support a fourth of the teacher's salary before you get to the other expenses.

Ms. FRIEDMAN. That is right. States set teacher child ratios, not the Federal Government. Many states set it at 1 to 4, and infant care is more expensive because inherently it is more labor intensive.

Mr. SCOTT. You cannot get away from that arithmetic?

Ms. FRIEDMAN. You should not want to get away from that.

Mr. SCOTT. We have heard a lot about deregulation. What happens to safety if child care is deregulated?

Ms. FRIEDMAN. Health and safety regulations are extremely important. Children need a lot of care and attention, and parents do not want their children warehoused by untrained individuals.

Mr. SCOTT. What happens if you do not have those regulations, what happens to the children?

Ms. FRIEDMAN. You will have more safety incidents. Children will be less safe.

Mr. SCOTT. Thank you, Mr. Chairman, I yield back.

Chairman KILEY. Thank you very much. The Ranking Member is now recognized for a closing statement.

Ms. BONAMICI. Thank you, Mr. Chairman. Thank you to the witnesses, I mean this is an excellent discussion, and a place where we all acknowledge that there is a challenge. We all agree, Mr. Chairman, and colleagues that parental choice is important. There is no question here that Democrats are pro-choice.

As we heard today, families across the country are struggling to find high-quality, affordable child care. This is not a new challenge or a new problem. Think back to the pandemic, brings back a lot of bad memories, but during the first 8 months of the pandemic alone, 166,000 childcare jobs were simply lost across the country.

Child care employment is now slightly above pre-pandemic levels, which is great, but we know that the childcare crisis still remains, as families struggle to find and afford care. It is acutely felt by families and is growing more urgent by the day. It is not just families, as we heard in the testimony.

It is not just families feeling the impact. It is child care workers who are overwhelmingly women, women of color, and immigrants. They make poverty level wages. The U.S. economy loses 122 billion dollars every year as a direct result of the scarcity of affordable childcare.

As Dr. Friedman testified, there simply is no market solution. We know that without robust Federal investment, the cost of care will keep rising, and workers who provide the essential care will continue to be among the lowest paid workers. These are the same caregivers who help shape the future of our children.

They deserve better, and until wages are increased, the recruitment and retention challenges will remain. Unfortunately, instead of addressing this crisis directly, many congressional Republican proposals, combined with the harmful policies from the Trump administration, are going to make things worse.

Since the beginning of the year Head Start, in particular, has faced numerous challenges, from being unable to use Federal funds, the closure of five of the 12 Head Start regional offices that

provide crucial support to programs across the country. These actions have helped make life more challenging for families with young children.

I know that anybody that has ever been in a Head Start program, knows that they also involve families. It is a very good investment. I also want to note, Mrs. Codella Low recommended improving data collection. I think that would be wonderful, but unfortunately, the Trump administration and the Department of Labor are trying to eliminate, completely eliminate, the Women's Bureau at the Department of Labor, where they do the data collection.

The national data base of childcare prices, that is critical information that we need. Some colleagues have turned to deregulation as a solution, as we just heard, that is not an answer. Plus, importantly, research shows that there is no correlation between State regulation and childcare supply.

We even have bipartisan support for strong standards in childcare settings. I am a mom. This is important. The last child care and development block grant reauthorization included updated health and safety standards for childcare centers. We need to continue focusing on what we know works, increasing investment in childcare is the key to building quality childcare supply, and improving affordability.

We should take action. I am glad that we talked about this, but we should take action about the need for greater investments. For years we have had bipartisan support for funding the child care and development block grant at 12.4 billion, yet Congress has not funded the program at this level.

Congress must also pass legislation, for example, the Childcare for Working Families Act, that would cap childcare costs for working families at 7 percent of income and make the investments we need. I also want to note that there are other policies that would address this issue, like joining the rest of the world in offering paid family leave.

When we hear the statistics about the additional cost for infant care, and look at the numbers, I do not have the exact numbers, but the number of women who go back to work within weeks of having a child, not because they want to or feel up to it, because they have to.

The rest of the world offers paid family leave. That makes a tremendous difference. I have a bill called Build Housing with Care Act that would give grants to affordable housing, so we can build the child care center at the affordable housing, again reducing costs and stress for families.

There are a lot of policies we could look at to address this challenge. We have the opportunity, and we have the responsibility to act for families, for children, for workers and for the economy. The time to invest in child care is now. Thank you again for the excellent discussion, and I yield back.

Chairman KILEY. Thanks very much. Thank you very much to the witnesses for your compelling testimony. I think that we can all agree that the ability to start your family and pursue your career on your own terms is central to the American dream.

Because of the cost of childcare, and limited accessibility, too many parents are faced with the wrenching dilemmas. To the ex-

tent that we can find solutions that will ease those dilemmas, we will therefore make the American dream more of a reality for more families.

At the same time, as we have heard throughout today's testimony, this is an issue that is very much connected to the success of local economies, and our broader national economy. Mrs. Codella Low used the term essential infrastructure to describe childcare, which at first glance you do not really think of childcare the same way you think about roads or power lines, or something like that.

I think that it actually is an apt term because it is just as foundational in a sense to being able to have a functioning and flourishing economy. I think a few takeaways from today's hearing, based on all the questions and testimony from the witnesses are No. 1, that choice and flexibility must remain the central pillars of the system, this mixed delivery model that Ms. Sims talked about.

In a similar vein, Federal support ought to give local communities and governments flexibility in terms of what form that support takes, as Mayor Barton has testified for example, a rural community like his may not have the same economy of scale to support the same options as an urban community.

We also discussed the workforce challenges that are faced by childcare providers, and there may be room here for things like licensing reform, credentialing reform, and certainly, with economic dislocations affecting some sectors in the years ahead. I think there will be an opportunity to utilize job retraining as well to assist with recruitment for that sector.

I think that we also had come to some agreement that the solutions here really need to be multifaceted, and draw upon support from local communities, from State governments, from philanthropy, and from the business community. I think in many cases the business community is very much interested in collaborating and finding solutions in order to allow their employees to balance work and family life.

Then finally, I think it is really important that this be an issue we can approach from a bipartisan perspective. This affects millions and millions of families. It does not matter their political views, and I think there really is a lot of common ground here. I look forward to working with my colleagues on both sides of the aisle to find solutions the rest of this Congress.

Thanks very much. With there being no further business, the Subcommittee stands adjourned.

[Whereupon, at 12:11 p.m., the Subcommittee was adjourned.]

[Additional submissions from Representative Scott follows:]



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A Path Forward on Child Care Regulation

Differentiating Between Harmful Deregulation and Helpful Reform

By Hailey Gibbs, Allie Schneider, Lauren Hogan, Casey Peeks, Paola Andujar, Maria Estlund, and Daniel Hains
May 1, 2025



Contents

- 1 Introduction and summary
- 4 Parents must be able to trust that care is safe for and supportive of their children
- 5 The early childhood profession needs to be recognized, trusted, and adequately funded
- 7 Harmful deregulation will not reduce costs, increase supply, or address workforce shortages
- 9 Advocacy efforts secure defensive wins for children's safety
- 11 Harmful deregulation hurts the workforce, which hurts families and children
- 14 Recommendations
- 21 Conclusion
- 22 Endnotes

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Introduction and summary

“The teachers are already bogged down as it is ... My son is incredibly smart, but he needs one-on-one attention. And if there are forty kids in the class, is he ever going to get that? If he’s having an anxious day, would anyone notice?” – Julia Callahan of Georgia on the possible perils of her 4-year-old’s preschool program “deregulating” by adopting looser standards that would allow more kids per teacher, larger class sizes, and teachers who are less prepared¹

Across the country, states are looking for ways to boost the child care supply and bring down costs for families. Some have turned to “deregulation” to do so. But many of these efforts will do the opposite of what they are intended to do, leading to more stress for teachers, fewer programs that meet families’ needs, and more risks for kids, up to and including injury and death.²

Child care programs play a critical role in ensuring children are safe, cared for, and supported with opportunities for early learning and healthy development. As nearly 70 percent of young children have all available parents in the workforce,³ millions of parents across the country rely on child care to go to work, school, or job training. Without a reliable care provider, parents see interruptions to their work, and the broader economy sees disruptions to its productivity, stability, and growth.⁴

Yet across the nation, families grapple with high costs and scarce supply of child care options. At their root, these child care affordability and accessibility issues are driven by a lack of adequate public funding.⁵ Working with children in their early years of life is by definition resource-intensive, requiring skilled educators and small ratios to ensure children are safe and supported. Without sufficient public funding, parents—and early educators, who subsidize the system through their own poverty-level wages—are forced to bear these high costs.⁶ In 39 states and the District of Columbia, the average annual price of infant care exceeds the cost of in-state college tuition.⁷ And around 43 percent of early educators rely on public safety net programs such as Medicaid and the Supplemental Nutrition Assistance Program to make ends meet for their own families.⁸

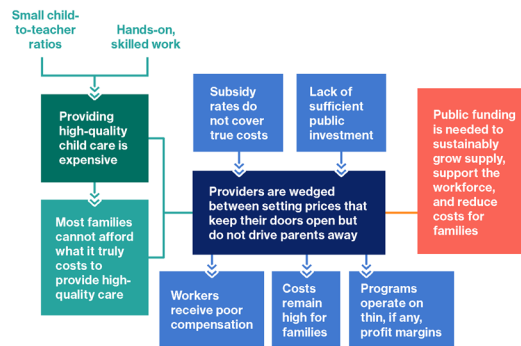
Child care programs play a critical role in ensuring children are safe, cared for, and supported with opportunities for early learning and healthy early development.

Understanding this context is important to ensuring that state policymakers are not swayed by arguments that threaten to sacrifice child health and safety in a misguided attempt to address the real issues around supply limitations and high costs for families. Harmful deregulation that lowers health and safety standards and removes educator qualifications and age requirements will not solve the child care crisis, which is driven by inadequate public investment in the child care system.

FIGURE 1

The U.S. child care market is broken

The sector is forced to subsidize care through sacrifices on quality as well as wages and working conditions for the vulnerable workforce



Source: The Early Childhood Policy Team, "Understanding the Basics of Child Care in the United States," Center for American Progress, February 20, 2025.

When it comes to the regulatory environment, state policymakers should instead look for opportunities for "right sizing," which may include reducing burdensome requirements that are not directly tied to child health, safety, and quality learning, and to create a supportive licensing environment that is centered on trust for early childhood educators working in all sizes and types of child care centers and homes. Policymakers may, for example:

- Remove red tape related to zoning practices.
- Streamline administrative processes by simplifying regulations, consolidating early childhood governance, and making it easier to access clear and consistent regulatory guidance in multiple languages.
- Reconcile state and local rules with federal recommendations to help ease burdens on providers while preserving crucial, evidence-based protections for the well-being of both children and educators.

At the same time, because the child care market is a broken market, the only way to fundamentally mitigate that market failure is to provide robust, sustained public investment that addresses the crisis from both the demand side (i.e., bringing costs down for families) and the supply side (i.e., advancing compensation and job quality, funding more slots, and improving payment systems).

Parents must be able to trust that care is safe for and supportive of their children

Parents who use child care, regardless of setting, should be able to trust that their children will be protected and cared for in a safe and enriching environment, that the adults in charge of their children's care and education have the competencies and experience to support their children's positive development, and that there are not more young children in a class than any one adult can safely manage. Parents also need to be able to trust the relationships that they and their children have with the educators in child care and early learning settings. Where the government intersects with the child care sector, whether through licensing, other regulation, or public financing, it should be able to provide assurances to families that they are able to trust the programs and educators they are entrusting their children with.

Reflecting on his experience seeking out child care for his two sons, North Carolina father Eric Fitts said the relationships teachers had with his children stood out for him as being one of the most important factors in choosing and staying at the child care center where his children ultimately enrolled:

There seemed to be a very genuine relationship and care for how they were performing and how their school days were going. That is comforting when you know they're comforted throughout the day with another person that has your child for the waking hours of the day ... they have a lot of influence on the kids.⁹

Similarly, Julia Callahan, a Georgia mother of two, cited trust in a caregiver and strong relationships between teachers and her children as an essential factor in her child care decision. "I love my kids ... and I want them to be safe. ... If there's a room with tension and a whole bunch of 4-year-olds in there, there's something wrong. So that's why I love the daycare that I have ... it's because the people there are good people, and my kids are happy."¹⁰ In addition to the research underlying the importance of ratios and group sizes in relationship building, common sense dictates that early childhood educators are best able to develop meaningful, positive, and supportive relationships with children and families when there are not too many children for any one person to handle—and when the educators themselves are not stressed, overwhelmed, and living hand-to-mouth.

"Children come to us needing more support than ever, and it is hard to meet their needs when teachers are spread thin and stressed."

— Professional Development Specialist, Montana¹¹

The early childhood profession needs to be recognized, trusted, and adequately funded

Parents and educators are partners in caring for and educating children. Easing burdens and creating supportive pathways for providers who currently participate—or wish to participate—in their state’s child care licensing and quality systems is a crucial step toward ensuring more providers can access supports, more children are adequately protected and cared for, and more programs are participating in a clear and consistent system of accountability and support. Reforming the licensing system that governs facilities, however, is just one piece of the solution that will be most effective when it is accompanied by the regulation and recognition of an early childhood education profession that is well prepared, well supported, and well compensated for its complex and valuable work, whether in a school, home, or center. Early childhood educators deserve the opportunity to be fairly compensated for work in the setting of their choice; with a license that is portable and reciprocal; and where there are clear, consistent, and right-sized regulations that respect their expertise.¹³

Individual licensing processes that provide baseline requirements for qualifications, limit the number of people professionals oversee, and establish standards for training are standard practice across a number of regulated professions, including doctors, nurses, architects, electricians, nail technicians, and airline crew. These professions set safety guidelines and ensure that professional preparation aligns with agreed-upon standards and competencies while accommodating different credentialing pathways that lead to increased compensation.¹⁴ This means, for example, that when the public faces health care worker shortages or higher airline costs, legislators do not successfully pass changes that place hospital patients in the care of teenagers, overpack planes with passengers, or reduce training requirements. Professional licensing processes and regulations are a critical and widely accepted part of protecting public safety and ensuring that workers are not overburdened to the point that they cannot safely do their jobs. When it comes to child care and early learning, state lawmakers must likewise protect the public and their public investments by making robust, sustained investments in the early education workforce (including in its professional compensation) and in other supply-building efforts proven to help increase the number of child care slots, bring down costs for families, and alleviate the burden on this crucial workforce.

“Every other profession that requires the public trust [also] requires professionals... to hold some form of license. Child care, on the other hand, is focused on licensing the physical site where care occurs rather than the workers and teachers entrusted with the care of children.” – Opportunities Exchange⁴

A brief overview of child care regulation

Some basic health and safety standards exist at the federal level, but the vast majority of child care licensing requirements and child care standards are left up to states to set and mandate. State lawmakers make decisions on maximum group size and ratios; teacher requirements; and which child care providers are legally exempt from licensing and regulations, such as faith-based providers, small family home providers that serve a small number of children, or programs administered by a school district.⁸ As a result, regulations remain inconsistent across the country and licensing covers only a subset of child care providers.¹⁰

Most programs receiving public funding, including those that are exempt from state licensing, must follow the minimum regulations established by the Child Care and Development Block Grant (CCDBG).¹⁷ Although CCDBG regulations apply to only a subset of child care providers, analysis of state licensing regulations shows that the federal law has an impact on state licensing requirements that apply to programs not receiving subsidies.¹⁸ The most recent reauthorization of CCDBG in 2014, which received widespread bipartisan, bicameral support and was sponsored by then-Sens. Richard Burr (R-NC) and Barbara Mikulski (D-MD), included a focus on increasing child health and safety regulations, expanding data tracking, and improving the quality of care.¹⁹ Driven by increasing national attention on tragic cases of deaths, injuries, and allegations of abuse in child care programs, the 2014 CCDBG reauthorization established deeply necessary minimum standards to help protect children in child care.²⁰ However, insufficient federal investments left many states without the supports necessary to successfully implement new regulations and increase the number of eligible children served.²¹

Harmful deregulation will not reduce costs, increase supply, or address workforce shortages

Despite the critical and recognized importance of protecting children's health and safety, many state lawmakers have increasingly proposed loosening child care regulations related to ratios, group sizes, and educator competencies as a misguided attempt to bring down costs and increase supply.²³ These types of harmful proposals—such as those that increase teacher-child ratios to put more children under the supervision of a single adult or decrease required qualifications for early educators—often target the aspects of care that are most directly tied to child health and safety. Additionally, these efforts fail to address the challenges providers face and disregard the value and skill of early educators.²³ Sacrificing these critical health, safety, and training requirements can have adverse consequences for program quality and even increase costs to providers and worsen the persistent workforce shortage.²⁴

Loosening regulations will not increase child care supply

Lawmakers often blame strict regulations for the high price and limited availability of licensed child care. However, previous analysis from the Center for American Progress and the National Association for the Education of Young Children (NAEYC) has found no correlation between the strictness of state regulations and state levels of child care supply, indicating that more stringent regulation is unlikely to have a large impact on child care supply.²⁵

Prior to the COVID-19 pandemic, NAEYC researchers examined how state regulations correlated with supply shortages by scoring the following regulations in each state:

- Teacher-to-child ratios
- Group sizes
- Minimum number of children at which point licensing is mandatory
- Teacher and director qualification requirements

The stricter the regulation, the higher its score. When overlaid with data on child care supply, however, the analysis found no correlation between the state regulations examined and child care supply. Furthermore, none of the individual factors that contributed to the overall regulation score were shown to have a statistically significant impact on the supply of child care slots. Although a wide array of factors can affect child care supply, these results indicate that more stringent regulations are not driving the problem.²⁶

State lawmakers across the country have increasingly slipped harmful deregulation proposals into state budgets and other legislation, often framing them as a solution to child care shortages. For example:

- In 2022, Iowa passed a law that loosened regulations on ratios and teacher qualifications. Among the changes that came with the legislation were increased child-to-staff ratios—up to seven 2-year-olds or 10 3-year-olds could now be cared for by one adult. Additionally, child care programs could now employ 16- and 17-year-olds to care for school-age children without any additional supervision.²⁷ In 2024, the legislature made additional moves to loosen regulations through a bill that would have allowed 16- and 17-year-olds to work unsupervised with infants and toddlers. Though the bill passed the state House and was recommended for passage by a Senate subcommittee, it ultimately was not signed into law during the state legislative session.²⁸
- In 2023, Wisconsin legislators introduced a package of child care bills that included proposals to decrease minimum age requirements to 16 for assistant child care teacher positions and school-age group leaders.²⁹ Additionally, bills proposed increasing child-to-staff ratios so up to six 1-year-olds and nine 2-year-olds could be cared for by one teacher. Group sizes would also be increased for toddlers and preschoolers. For example, 4-year-old classrooms could have up to 30 children in the classroom at once. Ultimately, these bills failed in the state Senate and did not become law.
- In 2022, the Utah legislature altered a previous cap to allow unlicensed child care programs to care for up to six children without any required regulations, state inspections, or safety training.³⁰ Two years later, the legislature passed another bill to increase this number to eight children at one time.³¹
- In 2023, the South Dakota legislative committee approved changes to the state's child care licensing rules that increased child-to-staff ratios in all settings, including an increase to the number of infants unlicensed child care programs could serve at once. New regulations additionally slashed training requirements for child care providers and allowed 14-year-old children to take on more duties in before- and after-care programs.³²

Advocacy efforts secure defensive wins for children's safety

Amid widespread efforts to introduce deregulatory legislation, several states have also seen defensive wins. Advocates have spoken out against these harmful attempts to roll back standards, including writing letters to their state legislators and governors and testifying publicly at legislative hearings.

- In Kansas, the tragic death of a 13-month-old in child care spurred the state's adoption of Lexie's Law in 2010,³³ which increased child care safety and health regulations, including doing away with an unlicensed registered program category and creating stricter requirements for teacher safety training, licensing, and inspections.³⁴ In 2023, legislators again proposed changes to Kansas' child care regulations—but this time, the changes would have undermined many of the regulations set in place by Lexie's Law. They included cuts to professional development requirements, larger ratios and group sizes, and lower teacher age requirements that would allow 14-year-olds to help care for young children and 16-year-olds to care for children unsupervised. Fortunately, despite strong support from the legislature, Gov. Laura Kelly (D) vetoed the bill, citing the need for review of child care policies in a way that does not risk children's safety.³⁵
- A 2024 Nebraska legislative proposal would have removed state regulatory standards, creating an exemption allowing individual cities, villages, and counties to establish their own regulatory standards around child-to-staff ratios.³⁶ Advocates successfully organized to help block the bill.³⁷
- In 2025, the Idaho legislature considered a dangerous bill that would have done away with the ceilings on child-teacher ratios in child care programs and would have prohibited localities from setting maximum ratios.³⁸ State House and Senate committees recommended passage,³⁹ but parents and educators passionately opposed and testified against the bill. These testimonies, including tragic stories of children—including an 11-week-old infant who

died while in care⁴⁰—contributed to the bill's sponsor pulling it from the Senate floor for heavy amendments.⁴¹ The amended bill, which does not fully eliminate ratios but does loosen them for most age groups, and which does prohibit localities from setting their own ratios, was subsequently passed by the Senate and signed into law by Gov. Brad Little (R) in March 2025.⁴² The law will take effect on July 1, 2025.⁴³

Harmful deregulation hurts the workforce, which hurts families and children

Efforts to get around the high cost of care by relying on teenagers, reducing training, and increasing teachers' workload by increasing the number of children in their care fail to address long-standing systemic issues resulting from a lack of sufficient public investment. Moreover, these proposed solutions do not solve the problems they claim to address. Rather than increasing supply and reducing costs, harmful deregulation risks increasing teacher burnout, turnover, and vacancies, which in turn can decrease safety and supply and increase risk of harm to children, families, and early educators.⁴⁴

"I believe maintaining ratios are most critical for supporting health and safety in any program. If ratios cannot be maintained children cannot be adequately supervised. Also, ratios are important to providing proper social and emotional support for the children. When teacher to student ratios are not in compliance, staff can be stressed and unable to perform their roles effectively."

— Early childhood educator, West Virginia⁴⁵

NAEYC's 2025 early care and education workforce survey found that 47 percent of educators were more burned out in January 2025 than they were at the same time the previous year, partly as a result of insufficient resources to address children's developmental and behavioral challenges, which teachers report are on the rise since the COVID-19 pandemic.⁴⁶ Burned out educators leaving programs and the entire field has led to empty classrooms and fewer slots available to families; the same NAEYC survey found that the workforce shortage was a primary factor driving underenrollment at programs. Adding to early childhood educators' stress is not the solution for maintaining and growing the profession—or for boosting supply.

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Research has shown that when early childhood educators are responsible for more children than they can safely manage, it increases their stress and can result in negative outcomes for them and the children in their care.⁴⁷ Many providers themselves find harmful deregulation proposals dangerous, recognizing that any proposal that results in more demand on an already overworked and underpaid workforce will result in poorer outcomes for children and higher risks for programs.⁴⁸ Although some program leaders assert that they would not accept more children even if looser regulatory standards were adopted, other programs will find themselves in the difficult and compromising position of needing to accept more children than they can safely manage in order to keep their doors open. And bad actors may exploit the system and children for profit.⁴⁹

“Having worked in settings with different ratios, I can assure you that the lower the ratio, the better the quality of care. To increase ratios would not only be detrimental to the developing child, it would increase burnout rates for a workforce that already carries a heavy load for minimal pay and benefits.”

— Jenn Boisvert, early childhood educator, Maine⁵⁰

Another consideration for providers is liability insurance, which they are often required to obtain in order to operate a licensed program.⁵¹ Liability insurance coverage is good practice—it protects providers and their businesses, as well as the children and families they serve, and is frequently required by banks and funders, landlords, and franchise owners.⁵² However, a 2024 NAEYC workforce study revealed both increasing costs and reductions in coverage availability and found that many providers had been denied by insurance companies for serving too many children or too many children per educator—in other words, insurers considered the state licensing capacities and ratios too risky.

Challenges in renewing coverage diverts time and resources from other operating demands, and increasing costs place undue burden on already-vulnerable providers who struggle to make ends meet. Approximately 65 percent of providers reported in a 2024 NAEYC survey that, without liability insurance, their program would be forced to close.⁵³ Insurers assess the risks associated with selling coverage to providers, and harmful deregulation both worsens those risks and drives up insurance costs.⁵⁴ As Montana advocate Alex DuBois put it:

Montana child care providers are facing an uphill battle to secure, afford, and maintain liability insurance for their businesses following changes in state law that have raised staff-to-child ratios. These regulatory adjustments have prompted numerous insurance providers to either substantially hike premiums or outright refuse to cover child care businesses. This has left many providers grappling with uncertainty and financial strain, threatening the stability and sustainability of the child care industry in our state.⁸⁵

Recommendations

Policymakers at all levels of government are rightfully seeking solutions to the child care crisis that is affecting the cost, quality, and availability of care. However, stripping away health and safety requirements does not address the root causes of the child care crisis and reduces access to high-quality early learning experiences that support healthy early childhood development. While the child care system needs sufficient resources to adequately prepare, support, and compensate its workers, promote best practices, and improve the delivery of high-quality care, policymakers should also seek ways to reform licensing and regulatory standards by focusing on the burdensome requirements that make it more difficult for educators to do their jobs without sacrificing children's health and safety or worsening educators' working conditions.

To inform and guide their work, states should first establish provider- and expert-based regulatory review panels or conduct focus groups and surveys of early educators from a variety of care settings. These sessions would help states assess standards and determine that they reflect best practices in early developmental care while ensuring that the ways in which those standards are communicated continue to reflect providers' and families' needs. For example, Minnesota and Indiana have engaged in multiyear, comprehensive revisions of their states' respective licensing standards, and the states sought provider and educator input through information and listening sessions and expert panels, as well as individual interviews, focus groups, and email correspondence with those in the field.³⁶

States should ease red tape to reduce unnecessary burdens while promoting safety and quality

Although child care regulations provide an essential baseline for health and safety and establish a foundation for quality, some standards are not directly tied to children's health and safety and can create unnecessary barriers and penalties for child care providers. States looking for opportunities to address burdensome requirements should target standards that do not directly affect children's welfare. Instead

of modifying essential markers of safety and quality, such as maximum group sizes and ratios and teacher qualification requirements, states should identify and address opportunities to reduce administrative and paperwork burdens.

States should:

- Streamline state licensing materials, ensure that they are easily found on the state's agency or department website, shorten licensing manuals, use plain language, and offer materials and technical support in the languages spoken by providers and families in their communities.
- Align licensing, quality, and monitoring systems to reduce unnecessary paperwork and reporting requirements. States can ensure that state licensing standards and those embedded in the state's quality rating and improvement system (QRIS) are aligned and not duplicative, designed to be appropriate for settings of multiple types and sizes, and reflect best practices in early care and education.
- Allow for flexibility once baseline standards and qualifications have been met. For example, states may be able to adapt the delivery of professional development so that educators in rural areas can participate in training remotely, on site in their home community and language, or via printed materials.
- Identify and reduce unnecessarily particular requirements that are insufficiently tied to program safety and quality. For example, states may have regulations that lead to a high volume of required documentation and policies. States should reorient their systems toward recognizing and trusting competent early childhood educators in order to unwind micromanaging regulations. States also should review reporting requirements to find a balance between important reporting and cumbersome requirements.
- Subsidize and enact policies that control the cost of liability insurance to limit the financial burden on providers who need coverage to operate their programs and provide resources and information related to liability insurance to help mitigate prohibitive costs and to support providers as they manage coverage reductions and denials.⁵⁷
- Review and revise state and local zoning restrictions that may overlap with existing child care licensing requirements or may be particularly burdensome and exclusionary for home-based child care providers. Some states, including California, Oklahoma, Oregon, and Washington, have taken steps to promote the growth of child care supply by revising housing policies that make it difficult for home-based providers to open and run a child care business.⁵⁸

States should align licensing and regulatory standards to evidence-based markers of quality and safety that establish the baseline for health, well-being, and learning

Licensing and regulatory standards are not designed to be punitive or overly restrictive, but to ensure that children are cared for in environments and by adults who keep them safe and socially, emotionally, and physically healthy. Conditions that best support children's development are well researched, and licensing standards should reflect an effort to foster those conditions. States should work directly with child care programs and educators across a range of settings to ensure licensing standards and regulations are supportive and aligned with practices that promote health and safety for more children and families.⁵⁹

By embracing key focus areas directly related to children's well-being and providing funding that helps programs of all types and sizes meet key requirements, state policymakers and administrators can ensure that they are implementing those standards that are most necessary for health and safety.

These focus areas include:

- Ensuring that children have clean drinking water and dust-free physical spaces that protect them from exposure to environmental toxins, such as lead and other heavy metals often prevalent in water service lines and building materials in older homes and facilities⁶⁰
- Addressing air quality issues to which younger children are particularly vulnerable and which contribute to a number of chronic health consequences, such as asthma and other respiratory conditions, increased risk for cancer, and heart disease⁶¹
- Promoting emotional safety and well-being by adhering to the national “Caring for Our Children” standards,⁶² which recommend small caregiver-to-child ratios and group sizes, so that children benefit from greater individualized attention and more opportunities for quality social interactions and build strong social connections with caregivers and peers while also restricting the use of exclusionary discipline policies and promoting early educator training⁶³
- Ensuring inclusivity, safety, and accessibility in the physical facility and activities and materials for children with disabilities, for whom care is particularly expensive and hard to access⁶⁴

- Supporting bilingual education and dual language learners by ensuring that classroom materials and activities are available in a range of languages, promoting dual language learner trainings for early educators, helping educators embed children's home languages and routines in those of the classroom, hiring bilingual staff support, and providing written communication in the home language so that parents can stay engaged in their children's care and education⁶⁵
- Supporting the early educator workforce by enhancing access to professional preparation and ongoing development, as well as dedicating funding to improve educators' compensation, benefits, working conditions, and growth in the field⁶⁶
- Seeking professional recognition and licensure for an early childhood education profession, similar to work being led by educators in Vermont,⁶⁷ and by aligning with recommendations and legislative language from the Commission on Professional Excellence in Early Childhood Education.⁶⁸

States should ease programs' path toward becoming and remaining licensed

From understanding the requirements, to navigating the paperwork, to affording the costs of the application and facilities renovations, it can take substantial time, effort, and money to become a licensed child care provider. State policymakers and administrators can support the growth of licensed child care supply by easing processes for child care providers to become licensed and providing financial support to alleviate the costs of establishing or expanding a program. In addition, while reviewing and drafting any revisions to licensing content, state administrators should consider how licensing supports quality in and beyond the state's QRIS⁶⁹ where licensing is often the first level from which providers can continue to improve.

State agencies overseeing the licensing application and approval process can:

- Waive fees associated with applications, background checks, and fingerprinting for child care providers seeking an initial license or renewal, as Kansas has done since 2021.⁷⁰
- Provide individualized technical assistance, including pre-licensing training, in the potential provider's language.⁷¹

- Establish a clear, centralized location for providers to access information about the licensing process that provides step-by-step directions for each part of the application and contact information for any questions potential providers may have.⁷²
- Allow for peer coaching and review to support more regular facility inspections and to ease access for more providers to participate in the state's licensing system.
- Establish infrastructure and renovation grants that child care programs can access to help meet licensing requirements and promote healthy and safe environments, such as those to improve safety of outdoor play areas, install or update HVAC systems, make repairs, remediate lead paint, or install water filters.
- Allow for multiple modes of application submission, including in person, written, and online.⁷³
- Conduct targeted outreach to areas with low child care supply and areas with historically marginalized populations. Collect and analyze disaggregated data on applications that have been submitted, accepted, and denied to determine additional actions that need to be taken to improve equity and support throughout the licensing application process.
- Invest in community-based or other responsive licensing practices or training that prioritize a supportive—rather than contentious—relationship between the licensing agency and providers. Colorado and Indiana have implemented comprehensive efforts to hire, onboard, and support licensing monitoring staff with the competencies and directives to work with providers as partners, working together to ensure providers have what they need to comply with regulations and run successful programs.⁷⁴

States should increase service coordination by consolidating early childhood program administration

States' early childhood program administration is often fragmented across multiple governing entities, including home visiting, state-funded preschool, quality improvement, subsidy administration, and early education licensing programs. However, in recent years, more and more states have worked

to consolidate early childhood programs into a single, unified department or cabinet-level agency, enabling better coordination of funding, data, and improved service delivery to participating families.⁷⁵

By embedding state licensing programs into a consolidated early childhood-focused agency, state policymakers can better coordinate their efforts and administrative functions across programs that affect child care quality, including by setting responsible regulations around children's health and safety. It can also help state administrators foster stronger relationships with the provider community and adopt an effective licensing process that addresses the barriers providers face in navigating the licensing system, including understanding the licensing content, managing upfront costs, and navigating the application process.⁷⁶ If they have not already done so, state policymakers should consider steps to implement a consolidated governance structure that houses child care licensing under the same administrative body as other programs related to early childhood, including child care subsidy programs, Head Start collaboration offices, and child care quality improvement systems.⁷⁷

States should make crucial investments – including in compensation for the workforce, facilities upgrades, and offsetting start-up costs – that will build supply

Harmful deregulation does not improve supply, reduce costs for families, or alleviate the burden on an overworked and underpaid early education workforce – in fact, it does quite the opposite. And the risks policymakers take gambling children's health, safety, and development rather than addressing the true cost of care through public investments can have disastrous short- and long-term consequences.

In order to achieve the goal of increasing supply, state lawmakers must:

- Direct robust, sustained investments to child care providers so that they can adequately compensate their staff with higher wages, benefits, retirement offerings, and health care.
- Offer more generous grants and contracts to help offset the cost of facilities upgrades and improvements associated with addressing aging infrastructure—particularly for home-based providers—and to combat the effects of climate change through weatherization and repairs. As climate disasters become

Read more:
<https://www.americanprogress.org/article/states-seek-to-improve-early-childhood-outcomes-through-consolidated-governance-structures/>

increasingly common and intense, child care providers who lack the capital to make those upgrades are vulnerable to losing their businesses—and families their child care options.⁷⁸

- Invest in early educator workforce preparation and ongoing professional development to help build a sustainable pipeline of qualified early educators with support to grow in the field.
- Direct resources to offset the high costs associated with starting a new program, particularly for underserved populations, including infants and toddlers, children with disabilities, culturally and linguistically diverse families, and families living in child care deserts. The costs associated with procuring a facility, obtaining liability insurance coverage, finding staff and early educators, and more can be prohibitive. In communities without sufficient options for care and inadequate resources to address that shortage, state policymakers play a crucial role in directly supporting supply-building efforts.

Conclusion

Investments in children are some of the most important that communities can make and can provide large and lasting societal returns. The federal government plays an important role in identifying basic health and safety standards for child care providers, but the vast majority of the requirements for opening and operating a child care business are established at the state level. State leaders have a range of methods at their disposal to reduce administrative burden, boost supply, and promote quality programming without sacrificing basic safety regulations—such as limiting ratio and group sizes and supporting teacher training—and risking children's safety. Educating and caring for young children is, and should be, a sizable investment: High-quality early learning helps children establish foundational skills that will serve them throughout life and promotes economic stability and growth by ensuring that as parents work or attend school, they can trust their children are in good care.

When it comes to child care, Americans pay either way—through robust investments that benefit children or through the ripple effects of the broken child care market throughout the U.S. economy.

When it comes to child care, Americans pay either way—through robust investments that benefit children or through the ripple effects of the broken child care market throughout the U.S. economy. But instituting licensing requirements that preserve children's health and safety while reducing administrative and cost burdens on providers means adopting a licensing framework that works for everyone. Supporting early care and education by reducing red tape, supporting the workforce, and making robust, sustained investments in the sector is crucial for ensuring that parents have a range of care options that meet their needs and that their children have the best chance for a successful future.

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[Questions and responses submitted for the record by Dr. Friedman follows:]

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Dr. Ruth Friedman, Ph.D.
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 1150 Connecticut Avenue, NW, Suite 800
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Dear Dr. Friedman:

Thank you again for testifying at the June 24, 2025, Committee on Education and Workforce subcommittee on Early Childhood, Elementary, and Secondary Education hearing titled "Child Care and the American Workforce: Removing Barriers to Economic Growth." Enclosed are additional questions submitted by Committee members following the hearing. Please provide a written response no later than February 2nd, 2026, for inclusion in the hearing record. Responses should be sent to Eli Mitchell (eli.mitchell@mail.house.gov) of the Committee staff.

We appreciate your contribution to the work of the Committee.

Sincerely,

Kevin Kiley
 Chairman
 U.S. House Subcommittee on Early Childhood, Elementary, and Secondary Education
 Committee on Education and Workforce

**Questions for the Record from
Ranking Member Bobby Scott**

**Committee on Education and the Workforce
Early Childhood, Elementary, and Secondary Education Subcommittee hearing entitled
*“Child Care and the American Workforce: Removing Barriers to Economic Growth”***

**Tuesday, June 24, 2025
10:15 A.M.**

Ranking Member Bobby Scott (D-VA)

Question(s) for Dr. Ruth Friedman, Senior Fellow, The Century Foundation

The Employer-Provided Child Care Credit (known as 45F) supports businesses who want to locate or provide child care for their workforce, while also increasing the number of child care slots available in their community. The Republican reconciliation bill would invest by further expanding that credit, over making investments in Head Start and the Child Care Development Block Grant. Can you talk about the limitations of investing in child care via tax credits for employers?

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America has a serious child care crisis that is hurting millions of families every day. The underlying economics of our child care system simply don't work, and this inescapable fact is making life harder for millions of Americans. The crisis isn't going to go away on its own. To address the child care crisis, families need policy solutions that will address the existing affordability, supply, and quality challenges. The Employer-Provided Child Care Credit (known as 45F) has yet to have much impact since it was enacted in 2001. The unrealized hope of 45F has been that it will address child care supply issues because it provides a tax incentive to businesses to create and/or subsidize child care programs. But research finds the credit has had little take-up and seems to have acted more as a financial reward for big business rather than an incentive to act. So it is not an effective in addressing the affordability crisis or the supply issues that can make child care so hard to find for families. There is simply no evidence to believe the business community is interested or able to be the solution millions of families urgently need. And when the world's most profitable corporations are structuring their businesses to help the rich get richer at the expense of everyone else, waiting on big business to solve our country's child care crisis is unlikely to be the solution families are waiting for either. The underlying problems driving the child care crisis require solutions that reduce parents' high costs while building a sufficient and stable supply of quality child care and address staff compensation to maintain a skilled and stable workforce. Tax credits to employers simply don't provide the affordability or supply solutions required to address the major economic failings in the child care market. Instead, we need public policy solutions with transformative long-term investments in child care, Head Start, and pre-kindergarten that will allow all families to access the high-quality child care and early education that allow children and families to thrive and for businesses to have the reliable workforce they need.

