



# Building Back Better: Investing in Improving Schools, Creating Jobs, and Strengthening Families and Our Economy

Testimony Before the U.S. House of Representatives  
Committee on Education and Labor

By Rasheed Malik April 30, 2021

Rasheed Malik, senior policy analyst for Early Childhood Policy at the Center for American Progress, testified before a hearing on the importance of investing in schools and child care to strengthen families and the economy at the U.S. House of Representatives on April 28, 2021.

Chairman Scott, Ranking Member Foxx, and members of the committee—thank you for the opportunity to testify today.

I'd like to begin my testimony by applauding the relief and rescue funding for child care providers that Congress included in the recent American Rescue Plan. The child care industry was among the hardest-hit sectors of the economy during the COVID-19 pandemic, and without these much-needed resources, many programs would have permanently closed, severely hampering any hopes of a complete and equitable economic recovery.

But it is my honor to appear before you today to discuss the promise and the prospect of a once-in-a-generation investment in the child care infrastructure that buttresses our modern-day economy. In my testimony, I hope to provide context and data points that outline the scale of the problem, clear evidence of why public investment would be sensible—highly productive, even—and, finally, I will discuss the merits of comprehensive legislation that I hope may come before this committee.

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## The child care problem will not fix itself

For far too long, the child care problem has been a limiting factor on our country's economic growth. Parents are rarely prepared for the high costs of child care, with one survey finding that 20 percent of parents go into debt to manage these expens-

es.<sup>1</sup> On the provider side, a difficult child care business model results in far too many early educators earning poverty wages for their valuable, high-skilled work. Decades of public underinvestment has produced a situation in which families with higher incomes, and often more education and economic opportunity, have a better set of child care choices available to them. The cost of our inaction over these many years has been to allow something that should be narrowing opportunity gaps to become an engine of inequality, with the early care and education workforce paying a price at every stage.

The primary revenue source funding our child care providers right now are the tuition and fees that parents can afford to pay. I say “afford to pay,” because this reliance on parental fees has its limit. Very few families have enough resources to cover what it costs to provide high-quality child care on a per-child basis.<sup>2</sup> As a result, the typical child care worker makes less than the typical parking lot attendant,<sup>3</sup> even though numerous long-term studies have shown high-quality early care and education has strongly positive effects on children and families in addition to producing broadly shared social and macroeconomic benefits in the long run.<sup>4</sup>

We mustn’t forget that these early years are a crucial developmental period, when children are continuously learning, forming more than 1 million neural connections every second during the first three years of life. Guaranteeing that young children have access to the best possible care when they aren’t with their parents is an investment in their safety, health, and cognitive development during an important stage in life. Both high-quality child care and high-quality preschool or pre-K has been shown to have lifelong positive effects, particularly for children from disadvantaged backgrounds.<sup>5</sup>

However, the Child Care Development Block Grant (CCDBG), one of the primary policy responses to the problem of child care access and affordability, now serves only 1 in 7 eligible children.<sup>6</sup> Head Start serves fewer than half of eligible children.<sup>7</sup> State-funded preschools only enroll 34 percent of 4-year-olds and 6 percent of 3-year-olds.<sup>8</sup> My research, which has focused on the cost of child care to families and the child care supply shortages across the country, tells a consistent story: Modern American families face a multitude of challenges, but child care issues are one of the biggest economic barriers confronting those with young children.

Most families live in “child care deserts,” where the lack of licensed child care options often means months- or yearslong waiting lists, particularly when looking for infant or toddler care.<sup>9</sup> This puts many young parents in an untenable financial situation, forcing many to reduce their hours worked, seek out unlicensed care that may not meet minimum standards of safety, or, as is often the case, leave the labor force entirely. In recent years, more than 2 million parents each year experienced some kind of child care-related job disruption.<sup>10</sup>

Those job disruptions are inordinately experienced by mothers, pushing millions out of the paid workforce and millions more to work fewer, or inconvenient, hours. This is one major example of how child care is foundational to our economy. The \$25 billion proposed in the American Jobs Plan is a critical investment that will help states upgrade child care facilities and increase the supply of child care in child care deserts. Many child care providers need to upgrade their physical environments—whether they be child care centers, family child care homes, or Head Start grantees—so that they can meet important health and safety protocols that can reduce the risk of coronavirus transmission.<sup>11</sup> In addition, these dollars would help establish a Child Care Growth and Innovation Fund that states could use to build up the supply of infant and toddler care in high-need areas, recognizing that child care is essential to economic growth.

But even when parents can find reliable, quality child care, the financial impact is on an order of magnitude similar to housing costs, health care, or significant student loan debt. Unfortunately, too many young families are dealing with all four of these expenses, and child care costs are at their highest for infant care, when many parents may still be recovering from income losses stemming from a lack of paid leave—not to mention all the other new expenses that a young child brings.<sup>12</sup> Investing in these young families means providing economic security and stability during a pivotal stage in family life.

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## The economic benefits to investing in child care infrastructure

But just as clearly as there are costs from this problem, there are huge potential benefits to comprehensive policy solutions. The United States led the world in the growth of women’s labor force participation in the decades following World War II, helping to power the greatest expansion of the middle class in this country’s history. But as our economic peers invested greater public resources in early care and education, the United States failed to make these necessary investments. In recent years, the United States has ranked near the bottom of all Organization for Economic Cooperation and Development (OECD) countries in terms of public spending on child care and early education.<sup>13</sup> Consequently, among developed economies, we now have one of the lowest employment rates for mothers, especially for those with young children. Add on to that the disproportionate impact of the pandemic on women, and we are now at recent historic lows for maternal labor force participation and employment.

Though fewer investments in child care leads to fewer women in the labor force, larger public investments in child care access and affordability are associated with more women in the labor force. My research has shown that child care deserts are directly correlated with maternal labor force participation. I’ve also studied the labor effects of a major universal preschool expansion right here in the District

of Columbia, where preschool has been free to everyone beginning in 2009. Using a variety of methods, I found that full-day, universal preschool for 3- and 4-year-olds, when accompanied by sizeable investments in teacher compensation, produced a 10 percentage-point increase in the labor force participation rate for mothers with young children. As a result, Washington, D.C., now has the highest maternal labor force rate in the country.

Economists will tell you that the fundamental inputs for economic growth are the size of the labor force and the productivity of that labor. By providing the stability and economic relief that comes from a well-funded, broadly accessible child care system, we should expect positive impacts on both of those inputs. Removing or reducing the choice constraints on parents with young children will unlock the kind of inclusive, equitable growth that will prove valuable over time. Investments in the potential of the American workforce have never failed to yield positive returns, and this set of policies is no different.

Last year, the Center for American Progress published an open letter to policymakers, signed by more than 100 prominent economists who support the idea that child care is a crucial element of our economic infrastructure.<sup>14</sup> A recent Harvard study reviewed more than 125 economic and social policy interventions over the past half-century, comparing their long-term benefits and costs to assign each policy a “Marginal Value of Public Funds.” Far and away, the most cost-effective policies were those that invested in the education and health of young children.<sup>15</sup>

The exciting part of this hearing today is that it appears we are finally listening to these data, acknowledging the expert consensus, and considering child care investments in the manner that many of our global competitors did decades ago. Building back a better, more inclusive economy that provides good-paying child care jobs and frees up parents to optimize work-life choices for their family means building a solid economic foundation for a modern, competitive workforce in a challenging global economy. Investing in our child care sector has an obvious multiplier effect; child care is one of those industries that supports the labor behind all other industries. Business leaders have acknowledged this problem for their workforce, especially during the pandemic, which has laid bare the economic importance of child care.<sup>16</sup>

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## The Child Care for Working Families Act and other policy solutions

As you all know, last week saw the reintroduction of major legislation by Committee Chair Bobby Scott (D-VA) that is meant to address these problems with the goal of building back a better, more inclusive economy for American families. This newest version of Child Care for Working Families Act is an implementable, comprehensive approach to establishing a modern child care system

that preserves parental choice and raises early educators' wages. I'd like to take this portion of my testimony to discuss key elements of the bill's structure as well as to note some of the new additions that improve upon past iterations of the bill.

Fundamentally, it is important to note that this legislation addresses the three core components that any comprehensive policy solution needs to tackle: (1) access, (2) affordability, and (3) quality. This is important because merely addressing one or two components could, and likely would, lead to unintended consequences for the other(s). Therefore, comprehensive legislation is needed for this investment to work in the long term.

The most transformational aspect of this bill is that it works toward an entitlement approach to child care funding, which is the most sustainable path to a child care system that serves all the families who need it.<sup>17</sup> This manner of funding would ensure that states can finally make quality child care free for low-income working families and truly affordable for the middle class. If child care were structured as an individual child entitlement, we would finally have a real child care system as opposed to the status quo, which has been holding back families, child care providers, and the economy.

Just as importantly, this legislation would increase the wages of nearly all child care workers and early educators, bringing their compensation in line with their social and economic value. The Child Care for Working Families Act does much more than increase wages, though. It also funds professional development activities, establishes scholarships for educational credentials, and partners with institutions of higher education to develop a pipeline of qualified future early educators. For those with similar credentials as teachers in elementary education, it would establish pay parity to reflect the similar value of the work. And all these investments include plans to engage current child care providers and provider organizations so that changes in compensation acknowledge the underpayments the workforce has endured for too long.

This legislation is wisely designed to couple investments in preschool with investments in infant and toddler child care, recognizing that we need a birth-to-5 approach to avoid unintended consequences across the rest of the early learning system. It gives parents the choice and flexibility to find the right child care program to meet their schedule and needs. This is not a one-size-fits-all approach, and it funds home-based child care and even neighbor or relative care that meets certain health, safety, and educational standards.

Finally, the bill has thoughtfully embedded equity reviews in both the child care and preschool expansion, so that these systems can be brought to scale with an initial focus on equitable access. The programs would expand most for children from low-income families, children with disabilities, dual language learners, chil-

dren from underserved ethnic and racial groups, and for geographic areas with low access. States would be instructed to collect disaggregated data so that access gaps can be addressed properly.

We can make the most of these improvements by coupling these investments with commitments to complimentary programs, such as the U.S. Department of Agriculture (USDA) Child and Adult Care Food Program (CACFP), which provides snacks and meals to more than 3 million children at child care centers, family child care homes, Head Start programs, after-school programs, and homeless shelters. A few key changes to this vital service could allow the program to deliver even more nutritious meals to children, allowing three instead of two meals per day.<sup>18</sup>

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### Meeting this moment in history

The inadequacies of our current system are coming at the expense of women who have been hit hard by the COVID-19 crisis—losing a net of 4.63 million jobs during the recession, more than the 3.72 million net jobs lost by men.<sup>19</sup> The losses for low-income women, women of color, and single mothers—all of whom are more likely to be breadwinners who play a vital role in supporting their families' economic security—have been even worse. And yet these same families are also least able to afford care in the current system, threatening to prolong their detachment from the workforce. Studies have shown that the longer women are out of work, the lower their wages are when they return.<sup>20</sup>

I'd like to close by noting that this year is the 50th anniversary of the bipartisan passage of the Comprehensive Child Development Act. It is the closest we have ever come to establishing an accessible national child care system. While President Richard Nixon vetoed the bill, using harsh language that compared well-intentioned legislation with Soviet-style indoctrination, we must remember how close we've come in the past to acknowledging the importance of child care as a public benefit to society. A half-century ago, that bill was introduced in the U.S. Senate by a senator from Minnesota, Walter Mondale, who would go on to become our vice president and the Democratic nominee for president in 1984. Mr. Mondale recently passed away at the age of 93, following an inspiring life of dignified public service. I can't help but think that one small way of honoring his legislative legacy would be to finally enact a national child care system.

Thank you again for inviting me to this hearing, and I look forward to answering your questions.

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## Endnotes

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