



## BIPARTISAN POLICY CENTER

### **Testimony of Linda K. Smith**

before the

Subcommittee on Early Childhood, Elementary, and Secondary Education

Hearing on “Solving America’s Child Care Crisis: Supporting Parents, Children, and the Economy”

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### **Introduction**

Chairman Sablan, Ranking Member Allen, and members of the subcommittee, thank you for convening this important hearing on the health and prosperity of our economy and society. I appreciate the opportunity to be here today. My name is Linda Smith, and I am the director of the Early Childhood Initiative at the Bipartisan Policy Center. Prior to this, it was my honor to serve as the deputy assistant secretary for early childhood development in the Administration for Children and Families. Before joining ACF in 2011, I worked for nearly ten years as the Executive Director of the National Association of Child Care Resource and Referral Agencies, now called Child Care Aware of America. I also spent a significant portion of my career at the U.S. Department of Defense helping to develop the military child care system.

*Bipartisan Policy Center’s Early Childhood Initiative.* The Bipartisan Policy Center is a non-profit organization that combines the best ideas from both parties to promote health, security, and opportunity for all Americans. BPC drives principled and politically viable policy solutions through the power of rigorous analysis, painstaking negotiation, and aggressive advocacy. As the only DC-based think tank that actively promotes bipartisanship, BPC works to address the key challenges facing the nation.

BPC’s Early Childhood Initiative is working to build a high-quality system of early care and education that supports all of America’s families. Early care and education programs, including child care, play a key role in ensuring that every child has the opportunity to build a quality foundation that will prepare them to learn, grow, and succeed. Child care also supports families and strengthens communities by allowing parents to participate in the labor force. Millions of American families struggle to find quality, affordable child care in a safe, well-designed facility. Our work focuses on engaging a diverse group of stakeholders—from parents and families to business and faith leaders—to imagine a child care system that works for all children and families, businesses, and for the greater economy.

### **Setting the Stage**

Child care is essential for so many reasons: so parents can work; so children can grow; and so employers and the economy can count on a productive workforce both today and in the future. Child care is a pillar of opportunity in this country. Yet, right now, too much potential is left on the table, both in terms of today’s workforce and in terms of our nation’s future prosperity. The good news is that there are ways to change this trajectory, and I am grateful we are talking about that here today.

Instead of continuing down an unsustainable path, I believe we must consider a new reimagined system, rooted in principles, with clear goals in mind, and a recognition that parent voices should be front and center. By thinking big and bold, we can ensure that today's workforce is strong, tomorrow's workforce can grow, and our economy can prosper.

I am going to talk a little today about where we are right now, where we need to be, and some principles for how I believe we can all work together to get to that point.

### **Child Care of Today**

In the United States, parents rely on a market-based child care system that includes a diverse set of child care arrangements and options to meet their particular and widely varying circumstances and needs. Unfortunately, the market for child care is reaching a breaking point: the supply doesn't meet the demand, the cost to produce the service exceeds what most consumers can afford to pay, and the businesses operating in the market are unable to operate successfully.

Working parents, the consumers of child care, are often unable to afford the child care they need to keep their job and provide for their family. In today's strong economy, demand for child care is higher than ever before, particularly for infant and toddler care, which is also the most expensive to offer. At the same time, child care businesses are not making enough to operate successfully, let alone invest in quality improvements such as playgrounds for children or professional development for staff.

The questions before us today are then, what steps should be taken to improve the market so it works for consumers, providers, and the broader economy? What is the government's role in intervening in such a broken market? How can the child care market evolve to be a shining pride of our nation, rather than the currently failing system that leaves us behind so many other advanced nations?

I know each of you have different views on the answers to these questions. I believe the place where we can reach real reform is in the middle of each of these positions. The federal government certainly cannot replace the primary and most important bond between parents and their children, nor dictate how a family should choose to care for their children. At the same time, there is a need to help those in our country who are hardworking but also struggling, so they can lift themselves to a place of self-sustainability. Every family and child deserves an equal opportunity to a quality life based on their own goals and circumstances, and child care is a pillar of this opportunity.

### **Child Care of Tomorrow**

I believe we have a real chance to improve the child care market. Across the country, states in all shades of red, blue, and purple are stepping up to develop policies and support hardworking families with young children. If we want to get serious about making sure the American economy is as strong as possible, for as long as possible, and ensure that working parents can lift themselves and their families out of poverty, the child care market needs to evolve to keep up with the needs of today's families.

In order to evolve, we need to look at this as a systemic problem that cannot be fixed through piecemeal approaches to one program. The entire system needs to be reimagined and our traditional ways of thinking need to be re-evaluated. We need to acknowledge that we can't talk about child care in this country without considering the multitude of programs and funding streams that have the goal of supporting working parents with young children but contribute to – and sometimes even create – the problems we see in the market today. At the end of the day, are we really supporting working parents in the best way possible? I would venture to say we are not coming close.

The government's involvement in the child care market was established decades ago, when our society was dramatically different, and the neuroscience of a child's development had not yet been understood. Women today participate in the workforce in record numbers – in fact, in December the number of women in the workforce exceeded the number of men for only the second time in history.<sup>1</sup> But the child care system has not kept course. Layering on programs and funding streams has resulted in a maze of programs that parents and providers have difficulty navigating.

In order to encourage the child care market to progress and fit the growing needs of America's current and future workers, we need to think about big and bold reforms to the system.

### **Principles for Reform**

So how do we make reform a reality? As Congress considers its role in the child care market, there are many questions that need to be answered. A good starting point for developing a national strategy is to consider: what works, when, and for whom? We know there are millions of different answers to this question. Parents have different needs and goals for themselves and their children. Congress should not build a one-size-fits all system, because it simply won't fit the needs of every parent, child, and community.

Each of your different ideas for how to address these questions are valid and worth pursuing. When leaders come together across the aisle, we see well-designed, meaningful, and sustainable changes. The bipartisan reauthorization of the Child Care and Development Block Grant Act in 2014 and the authorization of Preschool Development Grants are shining examples of this. When we put politics aside for the well-being of American children and families, our country wins.

In order to help create a system that works well for everyone, I would like to recommend six general principles for reform that I believe everybody can coalesce around. It is my belief that reforms based on these principles would help the market work better for parents so that they can make the choices they need in order to provide for their family and participate fully in our economy.

#### **1. Identify parent needs and preferences and take them seriously.**

Broadly speaking, the government has a role in holding federally funded child care programs accountable to parents and taxpayers, while providing enough flexibility for parents to make their own decisions about what is best for their family. Parents deserve to know that their children are in a safe and healthy child care environment with a baseline of standards while they are at work.

Currently, the system is not set up to reflect what parents want and need. At the BPC, we have started conducting roundtables with parents around the country to listen to their needs, and late last year we partnered with Morning Consult to conduct a national survey on the same subject. What we are learning is that the system does not reflect what parents want and need for their children. We hear time and again that parents want their children, especially their youngest children, in a home-like environment with caring staff that they trust to be nurturing, safe, and reliable.<sup>ii</sup>

Yet, federal requirements often encourage a more narrow approach favoring center-based care, during traditional work hours, usually with specific requirements for teachers and curriculum. The significant lack of attention to families living in rural areas or parents who work non-traditional hours is also of concern.

In any reforms you consider, it is critical to identify what parents want and support the varying components that meet their needs equally, especially by bringing in more home-based care and supporting care that can incorporate the existing family structure as much as possible.

## **2. Focus limited federal resources on those most in need.**

Generally, society's role in child care has been to support parents who are working but don't make enough to afford child care, so that they can access the care they need in order to keep their job. As with any market system, there are paying customers who can purchase goods on their own. The difference in this market is that child care is not a luxury, but a common need of everyday Americans. The goal should be to support all families, but especially those who need help as they begin to lift themselves out of poverty, so that they can reach a place where they can be financially independent and fully contribute to the broader economy.

Recent federal investments in child care have helped more low-income families access the child care they need and are raising the quality of programs around the country. Yet, problems within the marketplace persist. Funneling more money into the system without considering the issues the system faces broadly will only exacerbate these issues.

In the coming years, Congress should consider the responsibilities of all levels of government – federal, state, and local – in funding child care. Congress should focus their attention on families and communities in the greatest need, including those with low incomes, raising infants and toddlers, living in rural areas, and working during non-traditional hours.

## **3. Encourage greater state and local participation and business and philanthropic involvement.**

Congress is not always the problem – or the solution – when it comes to so many of these discussions at the state and local level. As noted, the federal government has an interest in supporting the lowest-income and most at-risk families to ensure our society and economy can continue to evolve. But there are also interests in the business community, the philanthropic community, the faith community, and state and local governments. Child care has enormous spillover effects on the broader economy and can have huge

detrimental impacts on communities' prosperity if not available. By encouraging these other constituencies, the market will become stronger and more responsive to the varying needs of families.

*State Governance.* States need to be more aggressive in thinking through how they structure their child care programs to support an integrated and efficient system. States receive and disburse the majority of federal funds, and for the most part operate and fund programs of their own. States generally have wide latitude in the way they choose to organize, manage, and fund child care programs on the ground.<sup>iii</sup> Thus, better program integration and coordination is important, not only because it promotes the efficient use of public funds but also because it directly impacts a family's ability to access the resources they need. Bypassing the states could destabilize existing child care programs and, more important, upend the parent choice that underpins the current system and benefits young children. Congress should identify ways to support state administration to be consolidated, simplified, and streamlined, and ensure states have a greater role in the direction of the child care market more broadly.

*Business Community.* Businesses are directly affected when employees cannot find child care, it falls through, or is unreliable, and therefore have a distinct interest in ensuring the market thrives. Replacing employees is expensive, because of the cost of recruiting, hiring, and training new employees and because of the loss of the investment in the employee who leaves. A recent poll conducted by the BPC and Morning Consult found that over two-thirds of parents said child care affected their ability to stay in the workforce (68%) and work more hours (66%), while 20% of parents said they have quit a job to stay at home with a child.<sup>iv</sup> A recent study found U.S. businesses lose approximately \$13 billion per year due to employees missing work, leaving work early, or leaving their job completely due to child care.<sup>v</sup>

Congress should consider how to involve the business community in the child care market, both to improve their own productivity and improve the lives of their employees. Businesses often cannot – and should not – be involved in providing care, but particularly for small and medium sized businesses, incentives could encourage them to support their employees during this critical time in their life. It is important to remember that just as all families are different, all companies are different, so these incentives should be flexible.

Child care has large and measurable impacts on our economy and if we are to continue to be a global leader, it is critical to ensure every individual has the tools to fully participate in our nation's growth and prosperity. Making this clear to the business community is key in fully developing the child care market and helping more low- and middle- income families get the care they need.

*Local and Philanthropic Solutions and Partnerships.* Across the country, communities and philanthropists are coming together to address specific needs and should be seen by both sides of the aisle as success stories. For example, companies such as MyVillage and All our Kin are working to improve the supply of in-home child care in rural and other underserved areas. The promise of shared services models has been illuminated by the work of Early Learning Ventures. Their model promotes community-based partnerships that allow small providers to work together to share costs and deliver services more effectively and efficiency, which in turn allow more resources to go toward quality enhancements and more children and families to be served. In Montana, the Missoula Area Chamber of Commerce, Missoula Public Schools, and other private partners recently agreed to renovate a vacant school building

to serve 200 infants and toddlers, a partnership that will have tremendous benefits for the community of Missoula.<sup>vi</sup>

There are countless other examples that show communities and entrepreneurs can find solutions that the federal government would never be able to from Washington. Incentivizing communities to tackle these issues is part of the child care system of tomorrow. For instance, Congress could consider how to encourage local investments and partnerships in improving the infrastructure challenges that child care programs face. A lack of available space suppresses the market's availability to grow and expand. While Washington cannot identify how to best solve local infrastructure issues, it could find ways to encourage community leaders and investors to solve them.

#### **4. Learn from existing programs to spur innovation and encourage improvements.**

While it is often easy to notice what is not working around the country, there are many lessons we can learn from what is working across the states. To that end, there are several programs that are succeeding in teaching us the lessons we need to learn in order to develop a forward-thinking and sustainable child care system that can stand the test of time.

*Preschool Development Grants.* The Preschool Development Grants Congress authorized are identifying some of the system's governance issues that can be solved at the state and local level. They are also encouraging states to ask important questions about their systems, such as what the real need is around the state and what they might do to serve those specific populations in the greatest need. Many states have conducted parent surveys to identify what parents need and are tailoring their responses based on those surveys. Others are identifying a need to support the education and professional development of child care teachers so that they are able to successfully care for and nurture children. The takeaway is that states are all identifying different goals and are moving forward with local reforms to fit the needs of their communities, and Preschool Development Grants have been a successful model in helping states achieve those goals.

*Early Head Start – Child Care Partnerships.* The formal partnerships between child care and Early Head Start programs are illuminating some of the most important struggles providers have in combining and blending the funding and the requirements from each program. They are also teaching us the true cost of quality care, and what can be done to improve quality of services when the per-pupil expenditure represents what it costs to provide that level of care. Both programs have strengths to pull from, and areas for reform. When efforts begin to fully integrate programs, this should be a model as to which areas can combine to make the best possible system for parents, children, and providers.

*Military's Child Care System.* The military's child care system was developed over 30 years ago and continues to provide high-quality care at affordable rates to military families. It has been recognized by both Congress and the Executive branch for its contributions to military families and as a "model for the nation" to follow in improving the quality of child care for civilian families.<sup>vii</sup> There are lots of lessons to be learned from the development and success of this model that Congress could draw from while reforming the child care system.

## 5. Support the Child Care Workforce

I would be remiss if I didn't mention one specific workforce that needs to be bolstered, just as the workers in every sector of our economy who rely on child care for their own employment. That is the child care workforce. Improving the child care market is dependent on growing, strengthening, and supporting child care staff.

We know that parents make decisions on their child care arrangements based on the individuals who will be caring for their child(ren). They are looking for trustworthy, caring, loving, reliable, and experienced staff.<sup>viii</sup> Despite scientific evidence that the first years of life coincide with the most important period of brain development, child care staff who help foster this development are often forgotten in broad conversations about how to improve and educate a workforce. About 180,000 child care jobs are expected to open each year over the next decade, as the demand in the field grows.<sup>ix</sup>

As this committee considers reforms to support students in their varying paths to a continuing education and develop the skills they need to enter the workforce, it should consider that the child care profession will be in high-demand and that the skills of these individuals are critical to the industry's success. While there is not one pathway to success, nor one answer that will help revive the child care market, there are ways this Committee could support the child care profession of the future.

These pathways and reforms should be diverse enough to meet the varying needs of the child care workforce, consider ways to encourage low-income and first-generation learners, and be of high-quality, while aiming to keep costs low. College might not be the path for all future child care workers, but it should be in reach for those who make that choice. Congress should support a system that encourages students to become the well-rounded, educated, and skilled workforce needed to care for children, regardless of the path that they take to get there.

Furthermore, we cannot ignore the needs of today's child care program leaders, and support staff. By supporting and encouraging these staff to continue their learning and engage in professional development, especially business management, their skills will be enhanced, and children's lives will be transformed.

*Department of Defense.* During my time at the Department of Defense, we were given the assignment to improve the knowledge and competence of the existing child care workforce. We used a mix of education and experience, including using the Child Development Associate credential as the goal and developing pathways for those already working in the programs to earn it. To this day, the military model is based on a mix of staff with college degrees and those who meet the credential requirements. This is a clear example that Congress need not dictate strict and specific requirements for staff, rather encourage and support them in their attainment of advanced learning and improved skills.

*Apprenticeships.* One innovative solution that some states are using to support the child care workforce are apprenticeship programs. Apprenticeship programs create and demonstrate a flexible career pathway for child care teachers so they can improve their skills and learning while employed. Programs in West Virginia, Pennsylvania, and Colorado show the promise of such programs at supporting staff in their own

learning and are example of how existing programs can be used to support the growth and development of child care staff around the country.<sup>x</sup>

## **6. Transform and simplify the system.**

By now, you are all aware of the Government Accountability Office reports of overlap, duplication, and fragmentation in the child care market.<sup>xi</sup> Those aren't just words or phrases and they aren't reports that should continue to be stuffed under the rug and updated every 5 years. Those reports show a need for systemic reforms to the child care market for parents, providers, states, and identify real consequences to continuing down the current path.

Last week, I visited a program up in Bartlesville, Oklahoma, serving children ages birth through five, from low- and middle-income families. This program has support from 4 different federal funding streams: Early Head Start, Head Start, the Child Care and Development Block Grant, and the Child and Adult Care Food Program. Some of those funds come from the state, some directly from the federal government, and all have different requirements. In what world does that make sense? This is a convoluted and outdated system that prohibits providers from their main job of caring for children, and can create inequities among parents and children in that program.

At the end of the day, the goal should be to support parent's ability to work and ensure the healthy development of children. At a time when demand for early childhood services far exceeds availability, the case for continued and even expanded investments must be accompanied by a commitment to efficiency, good governance, and a consistent focus on quality assurance and results. There is a lot of mess in the way of that goal right now. Program alignment and coordination is important, not only because it promotes the efficient use of public funds but also because it bears directly on families' ability to access the resources they need. Considerable thought should be given to how align programs and funding streams to make them one well-rounded system.

## **Closing**

In closing, I would urge you to think big and bold in your pursuit of supporting parents, children, and the economy. Instead of continuing down an unsustainable path, consider a new national solution, rooted in principles, with clear goals in mind, and a recognition that parent voices should be front and center. The country is leaving far too much American potential on the table, both currently and for our future prosperity. But this state of affairs does not have to be permanent. Progress is possible if we work together across the aisle, among different levels of government, with the business and philanthropic communities, and most importantly, with the parents and children who drive this market. I know that our nation can come together and rise to the occasion.

Thank you for the opportunity to testify, I will be happy to answer any questions you might have.



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- <sup>ii</sup> Bipartisan Policy Center, *Nationwide Child Care Poll: Child Care Costs Impact Families’ Employment, Savings, and Future Planning*, November 2019. Available at: <https://bipartisanpolicy.org/blog/child-care-poll/>
- <sup>iii</sup> Bipartisan Policy Center, *Creating an Integrated and Efficient Early Care and Education System to Support Children and Families*, December 2018. Available at: <https://bipartisanpolicy.org/report/ece-administration-state-by-state/>
- <sup>iv</sup> Bipartisan Policy Center, *Nationwide Child Care Poll: Child Care Costs Impact Families’ Employment, Savings, and Future Planning*, November 2019. Available at: <https://bipartisanpolicy.org/blog/child-care-poll/>
- <sup>v</sup> Council for a Strong America, *Want to Grow the Economy? Fix the Child Care Crisis*, October 25, 2018. Available at: <https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>
- <sup>vi</sup> David Erickson, “\$1.1M child care center for 200 set for vacant Missoula school building,” *Missoulian*, January 15, 2020. Available at: [https://missoulian.com/news/local/m-child-care-center-for-set-for-vacant-missoula-school/article\\_665484d3-8e77-5723-8953-020e7b523557.html](https://missoulian.com/news/local/m-child-care-center-for-set-for-vacant-missoula-school/article_665484d3-8e77-5723-8953-020e7b523557.html)
- <sup>vii</sup> National Association of Child Care Resource & Referral Agencies, *Making Quality Child Care Possible: Lessons Learned from NACCRRRA’s Military Partnerships*, 2008. Available at: <https://hubert.hhh.umn.edu/ECEpdf/MakingQualityCare2008.pdf>
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- <sup>ix</sup> Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, Childcare Workers*, December 2019. Available At: <https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm>
- <sup>x</sup> Bipartisan Policy Center, *Registered Apprenticeships: A Viable Career Path for the Early Childhood Workforce*, September 2019. Available at: <https://bipartisanpolicy.org/report/registered-apprenticeships-a-viable-career-path-for-the-early-childhood-workforce/>
- <sup>xi</sup> U.S. Government Accountability Office, *Early Learning and Child Care: Agencies Have Helped Address Fragmentation and Overlap through Improved Coordination*, July 13, 2017. Available at: <https://www.gao.gov/products/GAO-17-463>