Written Statement of
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Subcommittee for Early Childhood, Elementary, and Secondary Education

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Good morning Chairman Rokita, Vice-chairman Polis, and distinguished members of the Subcommittee.

It is my pleasure to be here today and share what we have learned in our efforts to improve state child care policies so that working families have the opportunity to be self-sufficient and children receive that care that puts them on a path to success. I will start with a brief overview of my organization and the policy framework that guides our investments, and then share seven observations from our work to improve policies for young children at the state level.

First, what is the Alliance? In 2005, four private foundations pooled their funds and created the Alliance for Early Success to focus on state polices that improve outcomes for young children, starting at birth and continuing through age eight. Today, ten foundations support our work with approximately $7 million. This support allows us to quarterback a brain trust of early childhood experts working in almost every state. We create and enhance partnerships by convening leaders across states and sectors in new and innovative ways, with the goal of achieving outcomes for young children faster and better than anyone could do alone. Rather than individual grants for solo work, our coordinated philanthropy connects information seekers with peers who are working on similar issues, and with experts who are creating the knowledge and tools they can use in real-time.

Our Birth Through Eight State Policy Framework is in your folders and guides all our partnerships and investments. With input from more than 200 experts representing advocates, researchers, communication professionals, policymakers, and foundation officers, the Framework lays out the best bet policies in the areas of health, family support, and learning. It is not an exhaustive list of options, rather it is a tool that everyone can use to pursue policies that are unique to their states' political, social, and economic realities at any given point in time. The policy options included in the Framework address a range of issues and require different levels of investment, but every one of them draws upon what we know from the research—that in order to thrive, children and adults need nurturing, supportive relationships in settings that foster development and learning, economic stability, and protection from harm and toxic stress. Taken together, these policies can be used to ensure a seamless system of supports and services for young children and their families. All of the policies in the framework are part of the solution to building strong, self-sufficient families, but I will focus the rest of my remarks on what we are learning from the child care policy piece of our Framework, and our day-to-day interactions with states and experts across the country.

Before I get started, let me share not only my thanks, but the thanks of all of our state, national, and funding partners for your role in securing an additional $2.9 billion in child care funds for each of the next two years. This money will be needed to bring states up to the quality standards established by the 2014 reauthorization of the Child Care and Development Block Grant (CCDBG), and to serve more working families who are eligible. In 2017, 20 states had waiting lists for child care assistance - 26,000 in North Carolina, 9,000 in Virginia, 5,000 in Indiana, 700 in Colorado. As you put the finishing touches on the budget bill, let me urge you to reinforce that these new funds cannot supplant other state or federal funds for child care.

Back in 1996, when Congress passed the Temporary Assistance to Needy Families law, everyone understood that work was the way out of poverty, and that access to child care was the key to getting people to work. Funding for the Child Care and Development Block Grant (CCDBG) tripled as a result. Today, states have 20 years of experience making these two programs work together, and we've learned a few things in the process. I am going to share seven observations and acknowledge that many of them require increased investments. While some states are making progress, others lack the resources to implement these changes.

1. **Child care is both a work support and a child development support**. You codified this two-generation strategy with the 2014 reauthorization of CCDBG by adding child development as a purpose for the program. You also recognized that children need consistent, stable care and mandated 12-month eligibility, consistent with the brain science that shows children's brains develop best in stable, nurturing relationships. This recognition of child care as child development is the single biggest shift in our thinking since 1996, and it has significant implications for how we deliver care and what it costs to provide it. If we believe the brain science, if we want to break the cycles of intergenerational poverty, then we have to focus on making sure child care is child development, and not just a safe place for children to go while their parents are at work.

2. **A qualified, compensated workforce is the core of child development.** In 1996, we acknowledged that the child care industry was essential to getting parents to work. In 2017 we know it is also essential to laying a strong foundation for how children learn, and this has implications for the qualifications and salaries of those who take care of the children. Child care is primarily a private-sector business, and most providers are small businesses operating on razor thin profit margins. The median hourly wages for child care staff are about $11/hr or $23,000 a year,[i] so many of them qualify for public benefits themselves. If we want to support this industry, if we want to promote child development, we need to support the professional development of the early childhood workforce, both in access to education AND compensation at higher wages that moves them out of poverty and keeps them in the field. A field where on average, 13 percent of providers leave the profession every year.[ii] We've seen states like North Carolina address these challenges with its TEACH and WAGES programs, and Louisiana through

its School Readiness Tax Credits. Additional funds are needed for scholarships and apprentice models to build the capacity of the workforce, coupled with bonuses or wage supplements for achieving higher levels of education.

3. **The price of child care does not reflect the cost of supporting child development.** The majority of revenue in the child care industry comes from parent payments (52%[iii]), and for many low- and middle-income families child care is their biggest expense. While they may want child care that promotes child development, they simply cannot afford it. Even if they could, they likely cannot find it because the market doesn't provide it. The market encourages price competition, which lowers parent fees, and prevents providers from paying a workforce with the credentials to provide child development. CCDBG recommends states reimburse child care providers at the 75th percentile of the market rate, which is the rate that allows families to access 75 percent of the providers in their community. Unfortunately, only 2 states (South Dakota and West Virginia) meet this standard; and the market rate does not reflect the cost of providing child development. We are not going to change the child care market, but we can stop using it to set the reimbursement rates for child care assistance, especially if we are trying to promote child development. Some states are using alternate methods to set rates, and paying higher rates to child care centers that provide higher levels of quality, but these rates still fall short of what the industry needs to provide care that promotes child development.

4. **We need to make work supports work**. If we want families to become self-sufficient, we have to pay attention to how income supports interact and affect family budgets.[iv] In some states, a small raise in hourly income bumps a family off of the child care assistance program, causing a dramatic decline in net income, or what we call a cliff effect. By gradually increasing co-payments and allowing parents to remain eligible while incomes rise, states can help families transition off of work supports. 32 states use higher eligibility thresholds for families already receiving assistance,[v] and all states tie co-payments to family income so that copayments increase gradually with income.

5. **Child care challenges are not limited to poor families**. Those struggling to afford child care include low- and middle-income families, with many recipients of child care assistance trying to avoid needing TANF. The average fee for full-time center-based care is between $3,700 and $17,000 a year (depending on the child's age and where they live). That's 20-75% of a full-time salary at $10.50/hour. And even when you can afford care, it is hard to find. Have any of you tried to find infant care in Washington, DC? It's almost impossible unless your employer subsidizes a child care center, or the center offers a preference for those who have older siblings. State and federal policy can help stabilize the child care industry, having an impact that reaches beyond families eligible for assistance.

6. **The child care market is not compatible with the low-wage job market.** Many low-wage jobs have erratic schedules from week to week, as well as non-standard hours such as evenings, weekends, and sometimes overnight. Most child care operates during the traditional work week, and these small businesses expect to be paid for a regular, full-

time slot, regardless if the child attends. The market does not offer parents in low-wage jobs a work support, let alone child development.

7. **We need to prioritize infant care.** Taking care of infants is labor-intensive, with recommended staff ratios of one adult for every 3 infants. As a small business, making a profit on this type of care is difficult, if not impossible when relying only on child care assistance payments. A child's earliest years are most critical for brain development, and many of our youngest children are not able to access high quality programs due to high costs or long waiting lists. In Indiana, infant care costs almost $9,000 a year.[vi] That's more than public, in-state college tuition, and more than average rent. All states do provide higher reimbursement rates for infant care, but most states still set their payment rates for infant care below recommended levels.[vii] We need better incentives to increase the supply of infant care, as well as consider alternatives, like paid family leave, for the very youngest children.

In closing, the Alliance for Early Success works to improve state policies for young children through our network of state and national partnerships, and we've learned a few things in the last 20 years about how child care can support working families. The single biggest change is incentivizing the child care industry to be both a work support and an essential support to child development during the years when their brains grow most rapidly. If we believe the brain research, if we acknowledge the need for child care so parents can work, then we must commit to finding the resources and crafting the policies that incentivize care that supports child development.

Thank you.

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[i] "39-9011 Childcare Workers." U.S. Bureau of Labor Statistics, U.S. Bureau of Labor Statistics, www.bls.gov/oes/current/oes399011.htm.

[ii] "Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study." Center for the Study of Child Care Employment, Table 3.5 on page 30, http://cscce.berkeley.edu/files/2014/ReportFINAL.pdf

[iii] National Academies of Sciences, Engineering, and Medicine. 2018. *Transforming the Financing of the Financing of Early Care and Education*. Washington, DC: The National Academies Press. p 2-9

[iv] The National Center for Children in Poverty's Making Work Supports Work project had more information on this topic. See http://nccp.org/projects/mwsw.html

[v] Tran, Victoria, Sarah Minton, Sweta Haldar, and Linda Giannarelli (2018). Child Care Subsidies under the CCDF Program: An Overview of Policy Differences across States and Territories as of October 1, 2016. OPRE Report 2018-02, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

[vi] "Child Care Costs in the United States." Economic Policy Institute, http://www.epi.org/child-care-costs-in-the-united-states/ - /IN.

[vii] "Shortchanging our Youngest Children: State Payment Rates for Infant Care" National Women's Law Center, https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/02/NWLC-Infant-Care-Payment-Rates-2017-final.pdf (see Table 1 on page 15).