

**Written Testimony of Linda K. Smith**

Before the U.S. House Ways and Means Committee Hearing entitled:  
In Their Own Words: Paid Leave, Child Care, and an Economy that Failed Women  
April 21, 2021

**Introduction.** Chairman Neal, Ranking Member Brady, and members of the Committee, 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 alongside parents who are courageous enough to share their experiences with you. Their voices could not be more critical to this conversation. I hope my remarks will explain their challenges in accessing and affording child care are all too common across the country and in each of your districts.

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.

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. 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.

**Background.** The child care system across our country provides immense value to working parents, their children, and the broader economy. As the pandemic has demonstrated, working parents with young children need affordable, accessible, high-quality child care to participate in the workforce, provide for their family, and support our national economy and society. In this sense, child care is a “public good” – its existence benefits the well-being of our entire country.

Despite the critical need for a strong child care market and the well-documented positive benefits to children, their families, and the [economy](#), America's child care system is [largely failing all involved](#). It is expensive to operate, unaffordable and unavailable for parents, and is not adaptable to the changing times. This reality existed prior to the pandemic, but this past year has highlighted what many parents, providers and early childhood educators have been saying for years: our child care system needs to look different.

Fortunately, Congress has a [long](#) track record of working together in a bipartisan manner to support child care and early learning programs so parents can work and children can learn in safe, enriching

environments. There is also overwhelming bipartisan [support among voters](#) that policymakers should make child care a priority this Congress.

It is against this backdrop that Congress worked together in a [bipartisan manner during 2020](#) to provide states with \$13.5 billion in flexible funding through the Child Care and Development Block Grant to sustain working parents and the child care market through the pandemic. Although broad support exists for additional funding, it is disappointing that bipartisan consensus could not be found on the relief package enacted early this year.

I urge this committee to continue the tradition of working together to support child care programs and funding. The need for child care is not a blue or red issue, nor does it exist in siloes around our country. With both great support and opportunities for improvement, child care is one of the policy areas with the best potential for bipartisan attention.

The challenge before you is to work across the aisle to better understand the needs of parents, early care and education providers and workers, and businesses to identify long-term, lasting solutions to make the system work better for all involved. Simply put, the current business model doesn't work well for any of them.

**Child Care Market.** There are serious structural challenges that prevent the child care system from working effectively. Child care is a market-based system that includes a diverse set of arrangements intended to meet parents' particular circumstances and needs, such as large and small centers, faith-based programs, and home-based providers. Unfortunately, the child care market is struggling, and the business model is largely broken, triggering negative downstream effects on children, families, child care businesses and workers, and our broader economy. The cost of owning and operating a child care business exceeds what most families can afford to pay, causing these small businesses to constantly exist on the precipice of closure. The child care [workforce](#), nearly all of whom are women, receive a median hourly pay of [\\$11.65 an hour](#), or \$24,230 a year—below the [federal poverty level](#) of \$26,500 for a family of four. As many of these workers are also parents themselves, they face their own challenges accessing the very care they provide.

The demand for child care across the country greatly outpaces the supply, creating a [significant gap](#) in the availability of child care. BPC conducted an analysis of the supply and potential demand for child care across 25 diverse states, and found, prior to the pandemic, an average of [almost one in three children](#) may lack access to care in their community. This gap is often more pronounced in rural areas. Our data can be broken down by several considerations, including by socioeconomic characteristics and locations, and [congressional districts](#).

This gap in available child care—and the inability for parents to pay for what does exist—means too many children are without a safe and developmentally appropriate learning environment, [parents](#) are forced out of the workforce, and our nation's [business](#) and [economic](#) success is stifled. If our country is to make a meaningful improvement in the lives of working parents with young children, it must begin to help address this gap in availability of child care businesses.

**What Parents Want and Need.** Now that the stage is set regarding the stark challenges facing our coworkers, neighbors, and friends, let's focus specifically on what we can do to change this reality. We must listen to what parents want and need. That is why I am so grateful that this Committee has convened a hearing to listen directly from parents about their experiences and what they want and need out of an improved child care system

BPC has also been working to better understand the experiences, needs, preferences, and priorities parents have over the past two years. Through focus groups, roundtable events, and an ongoing series of parent surveys, we have started to better understand how the child care market largely fails to provide parents with enough affordable, high-quality options for them to make the decision they think is best for their family.

In short, we have learned child care is increasingly difficult to find and afford, that many parents choose the first available option out of necessity, and therefore, some are compromising on what their 'ideal' situation would look like. Parents have also been making tough decisions about their work and financial situations to afford child care. As one parent in our recent public roundtable put it: “We actually had to sit down and talk and see who makes more money and if it would be cheaper for one of us to quit a job to take care of the kids full-time rather than both of us work.”

We increasingly hear about infant care being one of the most challenging aspects of the system, and parents widely support improved parental leave policies to take the burdens off new parents and the child care system.

Our ongoing series [of parent surveys](#), the first of which was conducted in August 2019, provides a quantitative understanding of the challenges working parents with young children face. Here is a summary of a few of the topline findings from the four surveys:

1. Child care is unaffordable. 67% of parents said the maximum weekly amount they can afford to pay is less than \$200 per child (\$10,400 per year)—considerably less than the cost of high-quality care in many states.
2. Child care is inaccessible. Over half of parents have consistently said finding care within their budget is difficult to find, with lower income parents more likely to respond this way.
3. Accessing and affording child care impacts ability to work.
  - a. More than two-thirds of parents said child care impacts their ability to stay in the workforce (68%) or work more hours (66%).
  - b. Half of parents said child care impacted their job search (50%), or ability to improve their education and/or skills (49%).
4. Parents make significant financial tradeoffs to afford child care.
  - a. To afford child care, parents reduced spending on non-essential (75%) and every-day purchases (59%), delayed or decreased money saved for emergencies (57%), and relied on family members or friends to help with child care (56%).
  - b. Nearly a quarter of parents said they compromised on cost of care or flexibility of hours.

We've established that the child care system largely fails to meet the needs of working parents with young children. Our surveys have also helped us understand what parents need and want out of a child care market. Here are some findings describing what parents need and the type of care they prefer.

1. Two-thirds of parents paid for 30 or more hours of child care each week.
2. Most parents prefer child care closer to home.
3. Many parents (30%) currently (during the pandemic) prefer to have a parent or family member care for their children.
4. Just one-third of parents reported they did not make any compromises when selecting their child care arrangement.
5. Faith-affiliated child care centers and family child care programs are both important components of the child care system with many parents preferring these options.

6. Not many parents prefer friend or neighbor care, meaning the terminology referring to “Family, Friend, or Neighbor” care may be deceiving.

**Call to Action.** Though we have clearly documented that child care is largely unaffordable and inaccessible, there is not one approach that Congress can take to address all the aspects parents want and need out of a child care system. Some working parents may benefit from child care subsidies through the Child Care and Development Block Grant (CCDBG), while others may benefit from tax credits through the Child and Dependent Care Tax Credit (CDCTC). Both programs need attention, but neither alone can be the solution.

Many parents will prefer a smaller home-based provider for their children, while others may see a faith-based provider as their ideal choice. Some will need care during the day, while others need care into the evening, night, and weekend. Family members will continue to be an important part of the solution. The point is that the child care system needs to be flexible enough to meet the varying needs and circumstances of parents around our country, and Congress needs to ensure that any policy it considers maintains and even expands upon parent choice and offers the flexibility needed in a post-COVID world.

As we emerge from the COVID experience, these policies will be critical to mitigating the disastrous impact the past year has had on working parents, especially mothers. Discussions about the future of child care need to include a consideration that the future of work may look different than what we are traditionally used to. Simply adding funding to the current child care system will not address the structural challenges that existed prior to the pandemic, nor will it help move the system into the post-COVID world.

That said, it is time to have an important conversation about the level of investment needed so the system can function appropriately. The investments made over the last year will go a long way at helping us understand how to best support families and the child care businesses they rely on. But they will also illuminate the [challenges states have](#) in allocating this exorbitant amount of one-time funding. The American Rescue Plan alone represented a [211% increase](#) to the Child Care and Development Fund, and states are largely [still in the planning phases](#) for the \$10 billion in CCDBG funds they received in December 2020 through the Coronavirus Response and Relief Supplemental Appropriations Act. It is unrealistic to think the child care system does not need significant investments. But we also need to consider how to make those investments in a flexible, realistic, and sustainable manner.

The basic model of child care needs a complete review. Is it flexible enough? Is it located where and available when parents need it? Is it stable enough? Can parents afford it? Do they trust the caregivers and teachers? How will their employers be involved? Can those operating and working in a child care business earn enough that they don't have to rely on public assistance programs, and can they be recognized as providing one of our nation's most critical and essential goods? Who will pay for the changes needed to the system?

These are all questions Congress must consider when evaluating how to bring the child care industry to a place that works for all involved. There are a few places we know can make a big impact for parents: expanding the availability, quality, and financial stability of child care businesses, supporting the child care workforce, and offering parents more assistance in affording this care.

This Committee could play a critical role in helping to expand the supply of child care facilities and quality of child care businesses, reform the [Child and Dependent Care Tax Credit](#) to help more families, and make investments to the Child Care Entitlement to States to [support stable access](#) to high-quality care for low-income families. The [Temporary Assistance for Needy Families program](#) could be

altered to better support quality and oversight of how states use their funds on child care assistance. This Committee could develop [apprenticeship programs](#) for the early childhood workforce and expand the use of [family child care networks](#) to support those small businesses. Home visiting programs could be expanded and improved to support more young families, especially those in [tribal nations](#). Each of these policy areas has received bipartisan support in the past, and this Committee should continue that tradition in the months ahead.

Policymakers have a vested interest in [working across the aisle](#) to address these issues now, before we are caught in a reality in which there are not adequate policies to support working parents and their children in a post-COVID world. This is a unique opportunity to institute long-lasting, society-wide improvements for working parents and their children, child care business owners and their workers, and for all our nation's companies, both big and small. I hope that our country will rise to the occasion.