

“The Child Care Crisis and the Coronavirus Pandemic”
House Ways and Means Committee
Subcommittee on Worker and Family Support
June 23, 2020

Written Testimony of Rasheed Malik
Center for American Progress

Chairman Davis, Ranking Member Walorski, and Members of the Subcommittee – Thank you for the opportunity to testify today.

The coronavirus pandemic has resulted in the tragic loss of tens of thousands of lives and has altered the landscape of everyday life over the past three months. There have been and continue to be widespread discussions about a myriad of industries that have been hard-hit by the necessary public health guidelines put in place to slow the spread of the virus. It is my distinct honor to appear before you today to discuss an often overlooked but extraordinarily crucial component of economic productivity – our nation’s child care infrastructure – that I believe will play a pivotal role in whether our country can successfully recover from this unprecedented economic and public health crisis.

Child Care Context Before the Pandemic

Before I move into a discussion of the devastating impact that the coronavirus pandemic has had on the child care industry, I think it is important to explain how unfairly we have treated families and their child care providers for decades. This diverse, highly skilled workforce – more than 90% of whom are women – has been underappreciated and undervalued, to the point that the average early childhood educator makes less than most parking lot attendants.¹ These skewed priorities are the result of historical and ongoing sexism and racism that views caregiving and the early care and education as something that people need not be paid for. This is plain to see in our policy and budget choices, as we invest a smaller percentage of our GDP in families with young children than almost every other developed economy in the world, with a major part of that being deficit representing our underfunded child care system.² Perhaps it should not surprise us, then, that licensed child care in this country is often prohibitively expensive – despite the fact that most child care educators cannot earn a living wage – and beset by supply shortages that result in long waiting lists and, in some communities, a troubling scarcity of child care options.

It is this scarcity problem that I have been studying the last few years in my role as a senior policy analyst the Center for American Progress. While the positive effects of high-quality child care have been studied for years by economists and other social scientists, little public funding has followed to scale up these models to reach American families. The result has been a mostly privately financed market that is responsive to the revenue available to child care providers, namely parental fees. In many places, a year of child care costs more than a year of college

tuition, since quality child care is very costly to provide. It should not surprise us that such a market produces inequities in access to care.

Child Care Deserts

Child care access has many elements; affordability, compatible and flexible hours of operation, quality, and culturally responsive care settings come to mind. The research that my colleagues and I have studied in recent years focuses on another element of child care access: the supply of child care and the proximity of child care providers to the parents that need it so that they can provide for their children. In order to do this, my colleagues and I constructed the first, and the only, national database of licensed child care provider locations and capacity. By stitching together state-level data gathered from public records requests and searchable or downloadable public datasets, our team was able to pinpoint the location and size of more than 235,000 child care providers, including both home-based child care businesses as well as child care centers.

By comparing these child care locations with the nearby population of young children, we have been able to study what we term “child care deserts,” or areas where there are not enough nearby licensed child care options to serve families that may need it. Based on our analysis of child care supply in every U.S. census tract, we found that approximately 51% of all families with young children live in a child care desert.

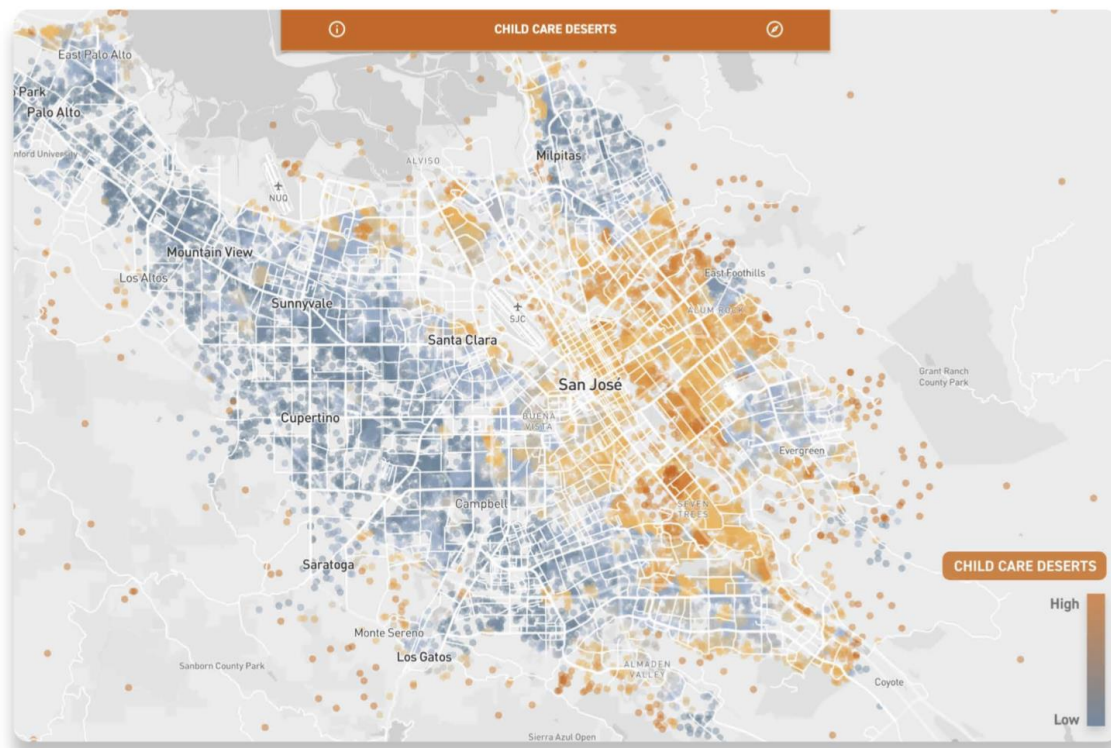
Families in these child care deserts face difficult choices that can result in outcomes that many parents might consider less than desirable. Some families have to use an unlicensed child care provider, which can be of uncertain quality, safety, and reliability. Many families have to construct a patchwork of child care solutions. Perhaps one parent cuts back on hours, or in dual-earner households the parents will work opposite shifts, sometimes barely seeing each other in order to ensure that one parent can watch the kids. Frequently, women are the ones who take on more of the caregiving responsibilities, so that when child care is unaffordable or unavailable they are pushed out of the paid labor force.³

To this point, my research finds that child care supply is strongly associated with maternal labor force participation. We find that areas with the most licensed child care options have maternal labor force participation rates that are, on average, about 3 percentage points higher than in areas with the least child care supply. It should be noted that there is no corresponding drop in fathers’ labor force participation rates. This has real economic consequences for the individual long-term earnings as well as the financial stability and independence of women, but it also has macroeconomic effects on overall productivity. Former Federal Reserve Board Chair Janet Yellen once noted that raising the female labor participation rate to that of men could raise annual U.S. GDP by 5 percent—which amounts to nearly \$1 trillion in economic production. She has also noted that while the United States used to lead most other industrialized nations in female labor force participation, it has recently fallen to 17th place out of 22 advanced economies.⁴

Child care deserts are also ubiquitous throughout rural America. Rural families had, on average, the fewest child care slots relative to demand among all geographic groups.⁵ Rural families tend to rely more on home-based child care providers, since there are fewer child care centers in rural communities.⁶ However, family child care homes are only licensed to serve from 6 to 12 children, which often results in an inability to meet demand. The only rural areas that have levels of licensed child care comparable to other, more densely populated areas are the highest-income rural communities, showing how the need for child care providers to rely on parental fees results in child care supply amassing mostly near communities with more income and wealth.

Growing Inequalities

One of the strongest predictors of local child care supply is how affluent families are in a given area. We find a strong positive connection between child care supply and family income, with high-income, highly educated areas attracting many more child care businesses than low- or middle-income areas. My research finds that high-income families are nearly four times as likely to send their infant or toddler to a licensed child care program than low-income parents, and more than twice as likely to send their preschooler to a licensed program.⁷ To a great extent, these findings can be understood as symptoms of the chronic underfunding that has defined the early care and education system for decades. Fundamentally, our child care system could only really work for families who could afford to finance it, as the typical working family with a young child spends about \$12,000 a year on child care services.⁸



The coronavirus pandemic will only exacerbate these inequalities and further drive down the supply of licensed care. The coronavirus pandemic has been even more disruptive to the child care sector as compared to other industries; most programs were already hanging by a thread with high operating costs, revenues that largely depend on parental fees, and low wages for early childhood educators.

This crisis is already playing out across the country. Some child care providers have already closed permanently, leaving fewer options for parents in essential jobs or those returning to work. One-third of the child care workforce lost their jobs in April, and those jobs may not come back without a public investment. Other child care programs are struggling to stay afloat. For these child care providers, as their revenues have been decimated due to lower enrollment, their operating costs associated with reopening have increased dramatically. With social distancing guidelines, frequent cleaning of surfaces, toys, and educational materials, and a greater need for handwashing stations and safety equipment, it is hard to imagine the child care sector surviving for very long without new federal funds to support the physical infrastructure of child care facilities, whether that business is based in a provider's home or in a dedicated facility. Thus far, they've been able to hold on by deferring rent or other bills, but those bills will come due and they cannot survive for much longer with higher operating expenses and less revenue.

My sincere concern, based on my research and expertise in studying the child care problem, is that without major immediate and ongoing investments in our child care infrastructure, we will see the permanent closure of thousands— potentially even tens of thousands— of small child care businesses.

Millions of parents are newly unemployed or furloughed while others are struggling to work from home while caring for their young children. Without immediate action, we could be left with a child care system that is only accessible for the families with the greatest means, widening inequities for families and young children for whom the benefits of early care and education are greatest. We risk seeing unfair and economically disastrous outcomes as women take on more and more unpaid child care duties and put their careers on hold or reduce their hours, which also puts family incomes in jeopardy.

In fact, just yesterday, the Center for American Progress published an open letter to policymakers, signed by 100 prominent economists who support the idea that child care is a critical piece of our economic infrastructure and that “an effective government response to the child care crisis will play a vital role in the reopening of workplaces.”⁹

Policy Considerations

The Center for American Progress estimates that without federal funding, we could very well lose half of our country's child care capacity. For this reason, an immediate influx of dedicated child care funding is needed to stabilize child care. But the coronavirus pandemic merely exposed long-standing issues in the child care market. Low-wages and high costs for parents

have long created an inequitable child care system. But a long-term investment—such as an increase in mandatory funding for Child Care Entitlement to States—would allow states to make much-needed improvements to child care. As we move forward, we need policies that do three things:

- Increase compensation and provide professional development for early childhood educators;
- Build the supply of quality child care options available near home or work that provide care when families need it; and
- Significantly reduce costs for families so that all children can access early learning opportunities regardless of their household income.

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

¹ U.S. Bureau of Labor Statistics, “May 2019 National Occupational Employment and Wage Estimates” available at https://www.bls.gov/oes/current/oes_nat.htm#00-0000. Child care workers are listed under the occupational code 39-9011. Parking lot attendants are listed under the occupational code 53-6021.

² OECD Family Database, “Public spending on childcare and early education” available at https://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

³ Leila Schochet, “The Child Care Crisis Is Keeping Women Out of the Workforce” (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/early-childhood/reports/2019/03/28/467488/child-care-crisis-keeping-women-workforce/>.

⁴ Janet L. Yellen, “So We All Can Succeed: 125 Years of Women’s Participation in the Economy,” Speech, Board of Governors of the Federal Reserve System, May 5, 2017, available at <https://www.federalreserve.gov/newsevents/speech/yellen20170505a.htm>; DeAnne Aguirre and others, “Empowering the third billion: Women and the world of work in 2012” (San Francisco: Strategy&, 2012), available at https://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion_Briefing-Report.pdf.

⁵ Rasheed Malik and others, “America’s Child Care Deserts in 2018” (Washington: Center for American Progress, 2018), available at <https://www.americanprogress.org/issues/early-childhood/reports/2018/12/06/461643/americas-child-care-deserts-2018/>.

⁶ Leila Schochet, “5 Facts To Know About Child Care in Rural America,” Center for American Progress, June 4, 2019, available at <https://www.americanprogress.org/issues/early-childhood/news/2019/06/04/470581/5-facts-know-child-care-rural-america/>.

⁷ Rasheed Malik, “Investing in Infant and Toddler Child Care to Strengthen Working Families” (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/early-childhood/reports/2019/10/21/475867/investing-infant-toddler-child-care-strengthen-working-families/>.

⁸ Rasheed Malik, “Working Families Are Spending Big Money on Child Care” (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/early-childhood/reports/2019/06/20/471141/working-families-spending-big-money-child-care/>.

⁹ Center for American Progress, “An Open Letter from Economists in Support of Child Care” (Washington: Center for American Progress, 2020), available at <https://cdn.americanprogress.org/content/uploads/2020/06/18140211/Economists-letter.pdf>.