

**BUILDING BLOCKS FOR SUCCESS: INVESTING IN  
EARLY CHILDHOOD EDUCATION**

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**HEARING**  
BEFORE THE  
**JOINT ECONOMIC COMMITTEE**  
OF THE  
**CONGRESS OF THE UNITED STATES**  
ONE HUNDRED EIGHTEENTH CONGRESS  
SECOND SESSION

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APRIL 10, 2024  
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Printed for the use of the Joint Economic Committee



Available via the World Wide Web: <http://www.govinfo.gov>

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[Created pursuant to Sec. 5(a) of Public Law 304, 79th Congress]

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# CONTENTS

## OPENING STATEMENTS OF MEMBERS

Hon. Martin Heinrich, Chairman, a U.S. Senator from New Mexico .....	Page 1
Hon. David Schweikert, Vice Chairman, a U.S. Representative from Arizona ..	3

## WITNESSES

The Honorable Javier Martinez, Speaker, New Mexico House of Representatives, Albuquerque, NM .....	5
Ms. Melissa Boteach, Vice President for Income Security and Child Care/Early Learning, National Women's Law Center, Washington, DC .....	6
Lindsey M. Burke, Ph.D., Director, Center for Education Policy, The Heritage Foundation, Washington, DC .....	8
Mrs. Colleen Hroncich, Policy Analyst, Center for Educational Freedom, Cato Institute, Washington, DC .....	10

## SUBMISSIONS FOR THE RECORD

Prepared statement of Chairman Martin Heinrich, a U.S. Senator from New Mexico .....	30
Prepared statement of The Honorable Javier Martinez, Speaker, New Mexico House of Representatives, Albuquerque, New Mexico .....	34
Prepared statement of Ms. Melissa Boteach, Vice President for Income Security and Child Care/Early Learning, National Women's Law Center, Washington, DC .....	38
Prepared statement of Lindsey M. Burke, Ph.D., Director, Center for Education Policy, The Heritage Foundation, Washington, DC .....	48
Prepared statement of Mrs. Colleen Hroncich, Policy Analyst, Center for Educational Freedom, Cato Institute, Washington, DC .....	54
Questions for the Record submitted to Ms. Melissa Boteach from Senator Amy Klobuchar and Response .....	58
Questions for the Record submitted to Ms. Melissa Boteach from Senator Peter Welch and Response .....	61



## BUILDING BLOCKS FOR SUCCESS: INVESTING IN EARLY CHILDHOOD EDUCATION

WEDNESDAY, APRIL 10, 2024

UNITED STATES CONGRESS,  
JOINT ECONOMIC COMMITTEE,  
*Washington, DC.*

The hearing was convened, pursuant to notice, at 3:15 p.m., before the Joint Economic Committee Chairman, Martin Heinrich.

**Senators:** Heinrich, Klobuchar, Hassan, Welch, Kelly, Vance.

**Representatives:** Schweikert, Beyer, Porter.

**Staff:** Matthew Cernicky, Jaxson Dealy, Sebi Devlin-Foltz, Ron Donado, Colleen Healy, Jeremy Johnson, Brooke LePage, Jessica Martinez, Garrett Wilbanks.

### OPENING STATEMENT OF THE HON. MARTIN HEINRICH, A U.S. SENATOR FROM NEW MEXICO, CHAIRMAN, JOINT ECONOMIC COMMITTEE

**Chairman Heinrich.** This hearing will come to order. I would like to welcome everyone to today's Joint Economic Committee hearing titled, "Building Blocks for Success: Investing in Early Childhood Education." Today's hearing will begin with five-minute opening statements from myself, from the Vice Chairman, and each of our four witnesses. We'll then proceed to questions, alternating between parties in the order of member arrival, and members are reminded to keep their questions to no more than five minutes.

Now for opening statements. This Congress, this Committee has repeatedly discussed how important it is to invest in our nation's kids and their families. Time and again, our witnesses have reiterated how investing in kids strengthens our economy immediately and long into the future. Today we're focusing specifically on the economic benefits of early childhood education.

The data clearly shows that having access to affordable and reliable early child care childhood education unlocks benefits for parents, for their kids, and for the economy. Many of our own personal experiences back this up. Affordable early childhood education makes it easier for parents and caregivers to work, to afford groceries and rent, and to save for retirement.

In total, researchers estimate that inaccessible child care costs anywhere between \$8.3 and \$78 billion, billion with a "B," in lost wages each year. High quality pre-K also helps kids do better in school later in life and can even improve their future job prospects. And when parents can keep working without having to worry about providing child care themselves, businesses don't have to spend

time and money hiring and training their replacements. This could save companies billions of dollars every year.

Federal investments in early childhood education also keep child care centers open and raise wages for child care workers. The benefits of accessible and affordable child care pay off long into the future with higher lifetime earnings, better outcomes for many kids who participated in early childhood education and this, in turn, leads to a stronger workforce, economy, and revenue base at the local, state, and federal levels, all while driving down spending on social services.

Unfortunately, right now this win/win scenario remains out of reach and that's because the current private market for early childhood education simply cannot and is not meeting the needs of most families. As of 2018, more than half of people in the United States lived in a child care desert where slots fall alarmingly short of demand, resulting in long wait lists and high prices.

Families are currently spending an average of 10 percent of their income on child care, despite the fact that the Department of Health and Human Services recommends no more than 7 percent. Government funding and support for these programs is essential for our country and our economy to reap the maximum benefits of early childhood education.

While investments in the American Rescue Plan helped bring down the cost of care for families and support child care workers, that funding was obviously temporary and I've repeatedly advocated for more federal child care funding, but Congress has yet to meet this growing need. Because of this inaction, it's largely been up to states to lead the way on guaranteeing affordable early childhood education.

Today we'll hear more about how we fought to lead the way in New Mexico, setting the standard when it comes to providing accessible child care and pre-K for every family. That journey started over 10 years ago when families and advocates in New Mexico fought to amend our state constitution to tap into our Land Grant Permanent Fund so we could deliver the benefits of early childhood education to every single one of our kids.

I was proud to be the first of New Mexico's federal elected leaders to support this effort. And after over 70 percent of New Mexicans voted for it in 2022, I was proud to lead the effort to secure the Congressional approval that was required to put this program into action. As a result, funding for early childhood education in New Mexico is going up by roughly \$150 million per year.

New Mexico has also implemented the Early Childhood Trust Fund to further ensure sustainable funding. These new funds are still getting out the door, but already research is showing the benefits for families and providers. That includes early results from research done by the Cradle to Career Policy Institute at the University of New Mexico. They found that the early childhood education expansion in New Mexico is making it possible for parents to return to the careers that they put on hold in order to stay home with their children.

Some are starting their own businesses or returning to school or putting the savings towards buying a house. Parents are reporting less stress and better mental health. And this is helping providers

too. Forty-three percent of child care providers were able to increase staff wages. Sixty-three percent were able to improve facilities and 59 percent report increased quality of care.

When all is said and done, nearly all families in New Mexico will ultimately have access to free child care and early education helping them to cover other important expenses and invest in their futures. For families in New Mexico with infants in center-based care, these savings would cover over seven months of the median rent or over half of the average downpayment on a house in our state. That's lifechanging for families and our economy now and into the future.

At the federal level, we are far from the standard New Mexico has set, but we've made good investments in federal tax credits and programs that help families recoup certain child care expenses. Programs like the Child Tax Credit, the Child Dependent Care Credit, and the Child Care and Development Block Grant allow families to offset or subsidize the cost of raising a child. The Biden Administration is also doing its part, passing a landmark Executive Order supporting the Care Economy last year and taking important steps to boost wages for Headstart workers and cut the cost of on-base child care for military families and certain grants from the CHIPS Act require recipients to show how they'll provide child care to their workers, making sure that our investments in new manufacturing don't leave parents behind.

Treasury Secretary Yellen has described the child care market as a textbook case of a broken market. I would agree with that. But if we can build momentum, we can get this market working, all while helping get parents back to work as well.

I'm looking forward to hearing more from our witnesses today about how investing in Early Childhood education can help the United States boost labor force participation and invest in future generations.

[The prepared opening statement of Senator Heinrich appears in the Submissions for the Record.]

**Chairman Heinrich.** And I'll now turn over to Vice Chairman Schweikert, for his opening statement.

**Vice Chairman Schweikert.** Thank you, Chairman Heinrich.

**OPENING STATEMENT OF THE HON. DAVID SCHWEIKERT, A  
U.S. REPRESENTATIVE FROM ARIZONA, VICE CHAIRMAN,  
JOINT ECONOMIC COMMITTEE**

**Vice Chairman Schweikert.** When you and I were young, for every six dollars that was spent on a child there was one dollar spent on seniors. To date, that is reversed and by the end of this decade it'll be one dollar for a child, eight dollars for those over 65. It is our demographics that are moving, that are consuming much of these resources.

Where I have concern and where we want to be intellectually robust and honest and also looking at some of the test money here, so please help me through this. We're trying to understand. Do we conflate universal pre-K with child care? Are they different things? Do they have different requirements, different models, if so, we need some answers on some of the data. It's still preliminary, so it's not been well vetted coming out of the Inflation Reduction Act

that it actually, in spots, it actually increased the cost of actual child care for those who are not in one of the subsidized systems.

The second thing is I wish to understand, particularly when our friends from New Mexico, which I'm very interested in what you've been doing, being from a state that also has a Land Trust very similar to you, is some of your statistics on, as you've been growing your population, why this substantial spike in post-COVID absenteeism. Is it a sampling error? Is it that you're reaching more or wealthier families that have alternatives? Help us understand what works and what doesn't work.

The other observation here is help us also have quality data and literature. We dug into a number of the academic articles. Some of them are almost a decade old and have truly contradictory information. You know we all remember the quotes from an article, what, seven, eight years ago, saying on year three we don't see the same statistical evidence of progress. And then almost one from the say era saying the complete opposite. Help us. Is there something that's much more recent, post-COVID?

And also, the last thing I will share, as we go into a population where U.S. fertility rates have substantially collapsed the United States last year the best estimate, and it's not final, is 1.63. We are now below much of Western Europe. There is not a single study that actually shows of policy, other than buying people houses in, what is it, Hungary, and that barely moved numbers. So in that case, how do we have as high a quality next generation who are prepared for the skillsets that are required? Is this the path or should we actually think much more creatively with the resources we have and the understanding of the pressures our demographics are going to create on those resources? And with that, I yield back.

**Chairman Heinrich.** Now I'd like to introduce our four distinguished witnesses. Speaker Javier Martinez is the New Mexico State Representative from District 11 and serves as the 31st Speaker of the New Mexico House of Representatives. In his nine years in the legislature, Speaker Martinez has led the fight to build a more inclusive economy. This work has included expanding the New Mexico Working Families tax credit, making it one of the most generous and inclusive in the country and championing the New Mexico Child Tax Credit.

Speaker Martinez was also integral in the effort to amend the State Constitution to invest additional money from our State's Land Grant Permanent Fund in early childhood education. Speaker Martinez has been a tireless advocate for New Mexico's community for more than two decades.

Mrs. Melissa Boteach is the Vice President for Income Security and Child Care and Early Learning at the National Women's Law Center, overseeing the organization's advocacy, policy, and public education strategies to ensure that all women and families have the income and supports that they need to thrive.

Prior to joining the NWLC, Ms. Boteach spent nearly a decade at the Center for American Progress, where she founded and led the Poverty to Prosperity Program, establishing projects to uplift the voices of low-income communities.

Mr. Vice Chairman, I'll hand it over to you to introduce the other two witnesses.



**Vice Chairman Schweikert.** I would like to introduce our two distinguished witnesses. Lindsey M. Burke, Ph.D., is the Director of the Center for Education Policy at the Heritage Foundation, where she oversees research and policy on issues related to pre-school, K through 12, higher education reform. She was appointed to serve on Governor Youngkin's Landing Team for Education.

Mrs. Colleen Hroncich is a policy analyst at the CATO Institute for Higher Education and Educational Freedom. Prior to that, she was a senior policy analyst with the Commonwealth Foundation.

Thank you both for joining us today.

**Chairman Heinrich.** And why don't we just start on this side and go right across? Speaker.

**STATEMENT OF THE HON. JAVIER MARTINEZ, SPEAKER OF THE STATE HOUSE OF REPRESENTATIVES, STATE OF NEW MEXICO**

**Speaker Martinez.** Thank you, Mr. Chairman, and thank you, Mr. Vice Chairman, for the opportunity to address you here today. It is an honor to be in your presence. I'm Javier Martinez and I serve as Speaker of the House for the New Mexico House of Representatives. I'm also the son of hardworking immigrant parents and it is a testament to my parents, Javier and Ana, and their belief in the American dream that I'm here today.

I chose a life of public service because like all of you in this room I too believe in the power of the American dream, and I want all families and their children to achieve the same dreams that my parents were able to achieve.

Allow me to paint a brief picture of early childhood in New Mexico for you. Every year we have roughly 22,000 children who are born in our state. Many of these children face enormous challenges from the onset. Eighty percent of births in New Mexico every year are paid for by Medicaid dollars, so that tells you the level of poverty we're dealing with.

And in addition to that, more than half of the births in New Mexico, year-to-year, half to those are to a single-parent household. In fact, more than 40 years ago in New Mexico, an average child had, on average, 11 adult meaningful relationships, both parents, extended family, grandparents, a baseball coach, a priest in their life. Today, on average, less than two. That means not even both parents, generally speaking, are in the picture.

When we talk about it taking a village to raise a child, in New Mexico, we are having to rebuild that village and that is the work that we've undertaken over the last few years. However, I want to be clear that as New Mexicans, we refuse to let these statistics define us and limit our vision for the future. In fact, quite the opposite. New Mexico is now investing in high quality, culturally and linguistically responsive early childhood services from prenatal all the way to the age of five.

Following the Heckman Equation from Nobel Prize winning economist, Dr. James Heckman, which finds a 13 percent return on investment for comprehensive, high-quality birth to five early education, New Mexico is betting on all of her children.

Because of the boon years that New Mexico has experienced the last few years, we now have an unprecedented opportunity and a

responsibility to put our values into action and build an Early Childhood system that can be a model for the rest of the country. For over a decade, as the Chairman pointed out, a diverse coalition of community champions patiently and persistently built political will to do something big and bold and significant on early childhood in our state. And slowly but surely, we gained momentum and that is thanks, in no small part to leaders like you, Mr. Chairman, who was the first federally elected official to endorse our movement.

Thanks to that movement, New Mexico is steadily rebuilding that village that it takes to raise a child. In 2019, we launched a cabinet-level Early Childhood and Care Department so that there is now a dedicated group of professionals whose only job is to make sure that we're meeting the needs of every child during their most formative years. The research shows that the most impactful time to invest in a child is between the ages of zero and three because that's when 80 percent of brain development takes place.

In 2020, we established the Early Childhood Trust Fund, which makes annual distributions of 5 percent for Early Childhood programs. And as the Chairman mentioned, in 2022, by a wide bipartisan margin voters in New Mexico approved a landmark constitutional amendment which guarantees all children in the state the right to an Early Childhood education. This amendment also establishes a dedicated, sustainable funding stream for early childhood education from our \$25 billion Land Grant Permanent Fund. At the same time, we're also building up the infrastructure that has not been built over generations in New Mexico and that includes building expanded child care eligibility for parents in middle-class families, that includes tax reform, including passing a state-level child tax credit and a working family tax credit, which is one of the most generous in the country and piggybacks off of your federal Earned Income Tax Credit.

In this last legislative session, we also reduced the tax burden on private child care providers because in our system it is important to keep that braided implementation system of public and private providers.

New Mexico might be unique, but know that many states face similar challenges to our state as well when it comes to early childhood. Federal ARPAR funding was very helpful in helping us build up our system, but that money runs out, and states have to step up now and address the needs and the challenges in their communities. These investments, however, are worthwhile, both from a social perspective and from an economic perspective.

My message to all lawmakers is to please be bold and persistent and to invest in your children. Thank you.

[The prepared statement of the Honorable Javier Martinez appears in the Submissions for the Record.]

**STATEMENT OF MELISSA BOTEACH, VICE PRESIDENT FOR INCOME SECURITY AND CHILD CARE/EARLY LEARNING, NATIONAL WOMEN'S LAW CENTER, WASHINGTON, D.C.**

**Ms. Boteach.** Good afternoon, Chairman Heinrich, Vice Chairman Schweikert, and other distinguished members of the Joint Economic Committee.

My name is Melissa Boteach and I'm the Vice President for Income Security and Child Care at the National Women's Law Center. I'm grateful for the opportunity to testify before you today on the economic benefits of investing in child care and early education and on solutions to stabilize and rebuild this critical foundation of our economy.

When you leave today's hearing, I want you to remember the story of Merline Gallegos, a homebased child care provider in New Mexico and the mother of four children, two of whom have disabilities. Ten years ago, after struggling to find child care for her own children, Merline decided to dedicate herself to providing child care for families like her own and is now a certified child care and early education and special education teacher.

Her workday starts at 5:00 a.m., teaching children through playing, singing, dancing, and reading, all while making observations and communicating with parents to facilitate each and every child's growth. Merline loves her job and she's worked hard to advance her education and to grow her business. And yet, she lives paycheck-to-paycheck in a system that chooses her to force between paying a living wage and raising fees on already struggling parents.

But Merline has turned that pain into purpose and is part of the successful movement in New Mexico that won and is now implementing a constitutional amendment that will result in higher salaries and better opportunities for all child care professionals and more access to affordable child care for parents. Merline is one of hundreds of thousands of early educators who make work possible for the rest of us, prepare the next generation of children for success, and support widespread economic growth.

The research is clear. When we invest in children starting a birth it yields long-term, positive outcomes for their health, education, and employment. When parents can find and afford child care, more mothers are able to enter and stay in the workforce, resulting in higher earnings now and over the course of their lifetimes. And when workers have stable and affordable child care, their employers have a more reliable and more productive workforce and our economy experiences greater growth.

However, despite these important public benefits, child care is too often perceived of and funded as though it were a private luxury. While free education for school-aged children is a right, during the first five years of life, as the Chairman noted, children's brains are growing their fastest, parents are largely left to figure it out on their own. And while the government is the primary financier of fiscal infrastructure like roads and bridges, the cost of our nation's care infrastructure is primary borne by women's unpaid and underpaid labor.

It was no surprise then that this fragile sector went into freefall when the pandemic hit. By January of 2021, one in six child care jobs had been lost and millions of women had been pushed out of the labor market. Lawmakers took action with the American Rescue Plan, which helped 220,000 child care programs stay open and helped reverse the rapid decline in women's labor force participation.

Unfortunately, the long-term funding to create a sustainable child care system was not included in the Inflation Reduction Act,

creating two dramatic funding cliffs. One this past September of 2023 and the second arriving in September of 2024. These cliffs are wreaking havoc on the nation's families and providers.

According to a February 2024 survey from the National Association for the Education of Young Children, nearly half of responding providers indicated they'd had to increase their program's tuition in the last six months. Many providers have left the field for jobs in retail, restaurants, or other low-paid sectors, exacerbating the child care supply crisis and leaving parents with few or no choices when it comes to finding child care.

We know what works. The impact of public funding is evident in the success of the Federal Relief Funds and in the progress that Blue and Red states alike have seen where they've invested their own dollars. But state investments can't make up for the federal funding cliff. The one-billion-dollar increase in child care and Headstart in the recently passed Fiscal Year 2024 Appropriations bill was an important downpayment. But with another funding cliff looming in September of 2024, Congress must act swiftly on the Biden Administration's supplemental request for \$16 billion to continue to stabilize the child care sector.

While this increased emergency funding is crucial, the goal is not just to return to an inequitable, pre-COVID-19 status quo. Sustained and robust funding that guarantees access to affordable, high-quality child care and early learning ensures a living wage for early educators and builds the supply is the only sustainable solution for our nation's child care crisis.

For those who argue that we can't afford to make these investments, President Biden's budget shows that there would be more than enough revenue to support child care for all families if the wealthiest individuals and big corporations paid their fair share of taxes. Our child care crisis is a policy choice. We know what works and now we need the political will to act upon it. Merline's advice to us is to never give up. Please keep her and millions of families who rely on early educators like her in mind as you make critical decisions on investing in child care and early learning.

[The prepared statement of Melissa Boteach appears in the Submissions for the Record.]

**Chairman Heinrich.** Dr. Burke.

**STATEMENT OF LINDSEY M. BURKE, Ph.D., DIRECTOR, CENTER FOR EDUCATION POLICY, THE HERITAGE FOUNDATION, WASHINGTON, D.C.**

**Dr. Burke.** Good afternoon. My name is Lindsey Burke. I'm the Director of the Center for Education Policy at the Heritage Foundation. The views I express in this testimony are mine and are not to be construed as the official position of the Heritage Foundation.

Thank you Chairman Heinrich and Vice Chairman Schweikert, for inviting me to testify today. Proponents of universal preschool tend to appeal to just two studies to make their case. The Abecedarian Preschool Study and the Perry Preschool Project, both of which found positive benefits for participants. But why do proponents continue to appeal to two studies that are 60 and nearly 70 years old, respectively? Because the results have never been replicated in other studies.

The Abecedarian and Perry Studies includes just 57 and 58 children, respectively, in the treatment groups and both suffered from methodological limitations, weakening their external validity. What about current early education programs like Headstart? When Headstart launched in 1965, proponents were clear that its sole purpose “Is to prepare children for elementary school.” It was designed as a preschool program.

Today annual Headstart expenditures total \$12.2 billion equating to more than \$12,000 per child. Unfortunately, this great society relic has been failing children for decades. On a quiet Friday, before Christmas in 2012, when most of the federal government had already headed home for Christmas and left Washington, Health and Human Services, which administers Headstart, finally released a highly anticipated and four-years-old, overdue, but scientifically rigorous evaluation of the program.

As the Heritage Foundation Jay Green wrote at the time, “HHS might as well have put the results on display in a locked filing cabinet in a disused lavatory behind a sign that says, Beware of the leopard.” It’s no wonder the rigorous evaluation, which tracked 5,000 three- and four-year-old children through the end of third grade found that Headstart had little to no impact on their parent’s parenting practices, their social/emotional wellbeing or their cognitive outcomes or their access to healthcare outcomes to healthcare.

So what about at the state level? Tennessee’s voluntary pre-K program is considered a gold standard preschool program. Here again, a randomized controlled trial evaluation conducted by scholars at Vanderbilt University found the control and experiment groups “Began to diverge with the Tennessee preschool children scoring lower than the controlled children on most of the measures. The differences were significant on both achievement composite measures and on math scores.”

These findings are consistent in the preschool literature, although participants may experience some benefit upon program entry, those programs fade by first grade and evaporate by third grade. In addition to the academic shortcomings, more than half, 56 percent, of women with children would prefer to stay at home and care for their family, according to Gallup. The polarity of Americans, 44 percent, say it is ideal for one parent to stay at home when their children are young and another 36 percent say one parent should stay at home at least part time, according to PEW.

PEW also found in a prior survey that among women with children under 18, a full 68 percent would prefer just part-time work or full-time homemaking. Among married mothers that rises to 76 percent. Just 23 percent of married mothers list working full-time as their ideal scenario. Even then, full-time, center-based care comes in last among families’ preferred arrangements, which is 11 percent of working mothers saying the use of center-based care was best for young children. Yet, the push for universal preschool and daycare taxes those same mothers to pay for an arrangement counter to their preferences, reducing the money they have to spend on their own children.

There is nothing more important for the future of America than strong families, so how can policymakers support families in accessing the types of early education and care that they want without preferencing one form of care over another? In addition to letting families keep more of their own money, Congress should build off the 2017 Tax Cuts and Jobs Act which expanded 529 savings accounts from the college level down to K–12 and allow those accounts to be used for preschool and early education and care expenses.

Congress should also allow eligible families to take their Head-start dollars to private providers of choice, providing them with more flexibility and to remove unnecessary regulations from making a market in D.C. an actual thriving market that is affordable for families something that state legislature should also mimic. Thank you.

[The prepared statement of Lindsey Burke appears in the Submissions for the Record.]

**Chairman Heinrich.** Mrs. Hroncich, welcome.

**Mrs. Hroncich.** Thank you.

**STATEMENT OF MRS. COLLEEN HRONCICH, POLICY ANALYST,  
CENTER FOR EDUCATIONAL FREEDOM, CATO INSTITUTE,  
WASHINGTON, D.C.**

**Mrs. Hroncich.** Chairman Heinrich, Vice Chairman Schweikert, and members of the Committee, thank you for inviting me to testify today. As already mentioned, my name is Colleen Hroncich and I'm a policy analyst at the CATO Institute's Center for Educational Freedom. The views I express in this testimony are my own and should not be construed as representing any official position of the CATO Institute.

I'll make three main points today. First, the rhetoric does not match reality when it comes to early childhood education. Second, one size does not fit all. Preschoolers and their parents are too diverse for a federal government program to make sense. And third, the Department of Education's disastrous rollout of the revised Free Application for Federal Student Aid, better known as FAFSA, shows why the federal government should stay away from early childhood education.

Rhetoric versus reality or something is not better than nothing. Every few years there's a push in Washington, D.C. for universal or nearly universal preschool. Proponents claim a whole host of benefits from improved reading ability to fewer dropouts and teen pregnancies to increased future income.

In 2021, President Biden touted such vast benefits from his Universal Preschool Plan, that factcheck.org took him to task, noting "There's plenty of research on specific targeted programs, but there isn't much on universal programs, and the research that does exist in many cases is more nuance and less optimistic than Biden suggests."

There's no consistent evidence that large-scale preschool programs are beneficial, and some are even harmful. In January 2022, researchers from Vanderbilt University released a study of Tennessee's Voluntary Pre-K Initiative, which Dr. Burke just mentioned, and it found that children who participated in the program

experienced significant negative effects compared to children who did not. Harms included worse academic performance, higher likelihood to have discipline issues and be referred for Special Education.

Dale Farron, one of the lead researchers concluded that at least for poor children, “It turns out something is not better than nothing.” There’re several possible reasons for this, but one prominent one seems to be that preschoolers learn best when they have time to play independently. However, large-scale programs tend toward whole group instruction, rigid behavioral rules, and very little time outside and in free play.

Next, one size does not fit all. The wants and needs of preschoolers and their parents are too diverse for a federal program to make sense. I have four children and I saw this first-hand with my own kids. That they had different needs, each one. My oldest daughter was very shy, so my main goal with preschool for her was to get her comfortable with teachers and other children. I chose a preschool that emphasized play and a warm, nurturing environment.

My second born was not shy. He was doing first grade math, always trying to keep up with his sister. He was doing first grade math and reading small chapter books when he was four. For him, the challenge of a more academic preschool made sense. If my own family has diverse needs, it’s not surprising that a December 2020 poll from the bipartisan policy center found parents have a wide variety of preferences when it comes to child care and preschool with a somewhat even split among various models.

A federal program would likely include mandates that would make it very hard for religious and homebased providers to participate and minimum hourly requirements would prevent part-time programs from participating at all.

As you’ve probably seen, the nation’s undergoing a transformation in K–12 education with more and more states taking a student-centered approach instead of the one-size-fits-all model. It would be a terrible irony if preschool education went in the other direction towards a more institutionalized system at the same time K–12 education is becoming more liberalized.

And finally, the FAFSA debacle should put talk of a federal preschool program to bed. My youngest daughter is headed to Catholic University of America here in D.C. for nursing school in the fall. At least, we think she is. We still haven’t found out what her expected cost of attendance will be because the federal government has taken such a massive role in college financing. Now most schools use FAFSA even for private awards and the Department of Education’s attempt to revise the FAFSA program has been an unmitigated disaster and caused significant delays. I believe the Secretary of Education was here today testifying about that.

This is putting the squeeze on colleges, students, and families, and especially lower-income families. There’s a saying the bigger you are the harder you fall. When the federal government gets involved, any failures or problems will have widespread impacts. I don’t know how anyone witnessing the FAFSA mess could think let’s get the government more involved in early childhood education.

The bottom line is America is too large and diverse for a federal preschool program to make sense. This is one reason the Constitution gives Congress no authority over education. Sound bites about large-scale preschool programs make the idea seem attractive, but it's important to look closer and recognize the harms that a federal preschool plan would have on families and providers. The rules and restrictions that would be part of a federal preschool program would likely force many preferred models out of business.

We tried the bureaucratic talk down approach in K-12 education and parents are clamoring for more options. There's no reason to think that more mandates and fewer options would help improve opportunities for children. Thank you.

[The prepared statement of Mrs. Colleen Hroncich appears in the Submissions for the Record.]

**Chairman Heinrich.** Vice Chairman Schweikert has to go in a few minutes, so I'm going to let him start the first round of questions, then we'll alternate.

**Vice Chairman Schweikert.** Thank you, Chairman. And it's always dangerous. I'm going to leave you all on your own and that Senator Peters is my friend, and he remembers when we adopted our first little girl. I was showing him pictures of the sibling that we've now adopted.

I like this issue, which is sort of weird to hear from a Republican, but I often think we may have been caught in some of our dogma and listening to the Speaker, you almost wonder, saying, okay, his state has some very tough statistics. Is it time to think differently? Is it time to think of a much more holistic solution? And forgive my sort of fact-checking. It's a little compulsive. So, today we have, what, the latest data was 12,700 more child care workers today than we did in pre-pandemic. So, that's not a lot of growth. It's 1, 2 percent growth, but at the same time, actually, the number of children is actually, as you know, how many of us have school districts that are actually closing schools because there're fewer children.

So, Dr. Burke, I'm going to give you something that's brutally uncomfortable. So, I came to you and said today you have a clean slate. You have a state where the kids, let's be honest, have some tough issues. If I gave you—said to you, you get to create a holistic approach. What would be good for Arizona? What would be good for the entire country? What would be good for New Mexico? What would it look like? What actually is the right approach, as an economist, to approach this?

**Dr. Burke.** Well, a couple of things. First, and to Colleen's point a second ago, there are issues that are really endemic among the K-12 sector that should be addressed as well, and so, that needs to be a part of the conversation. New Mexico is a state that lacks any education choice options for families, and so at the K-12 level, I would certainly start there.

When it comes to the pre-K and early childhood education level, I think a few of the recommendations that I mentioned earlier would go a long way to helping New Mexico families expanding that 2017 Tax Cuts and Jobs Act so that it makes 529 accounts eligible for pre-K and child care expenses would go a long way. Many of the families in New Mexico are eligible for Headstart. Relegating



those families to a distant federal program that has completely failed them academically that the GAO has found is replete with fraud that has many other issues that have made it an unworkable program relegating those families to that distant federal program we could do much better for them. If the federal government is to continue funding a program like Headstart, at least allow those families to access their share of that \$12,000 and take it to a provider of choice.

**Vice Chairman Schweikert.** Okay. Now, so the second half of that type of question is tell me a state that's doing it where it may not be perfect, but you're seeing positive outcomes.

**Dr. Burke.** Well, if you're going to do a state-level pre-K program or early childhood education and care program, which even then we have to be extremely careful to not preference center-based care over family-based care. But if you're going to do it, go in the direction of a state like Florida is a better direction to go where they have a publicly financed pre-K system, but you can choose the private provider of choice in Florida. Florida has adopted that choice model throughout its system, pre-K all the way through it's K-12 system. So, if you're going to do it, that's the way to do it.

**Vice Chairman Schweikert.** It's open to both of you, but how about a state like Arizona, where we actually have a very vigorous choice system. I mean my child—my little girl is in a school called Basis. I had no idea second graders had two hours of homework every night, but it's working. I mean, you know, where's the robustness? Where's actually the joy and the kindness to the next generation in building the skillsets?

**Dr. Burke.** Well, if I could just say quickly on Arizona, because Arizona is rightly held up as a model of choice in the K-12 realm. So, Arizona has the most robust education choice market in the country. The reason why it has been so successful is something that it should think about applying to its pre-K sector, which is it has an extremely light touch when it comes to its regulatory environment. If we look across the country, the number of family-based, in-home providers, preschool providers has been cut in half since 2005 and a big part of that is because of the over regulatory nature of oversight that we've seen in the states when comes to preschool. So, a lesson that we can take from Arizona is in its K-12 sector. Make sure that regulations are as light as possible. That they're actually providing oversight and accountability to families, but don't overregulate the private market. Don't make it harder for a private provider and in-home provider to operate. You want light regulations so that families have as many choices as possible in the pre-K space.

**Vice Chairman Schweikert.** And Mr. Chairman, I appreciate your kindness letting me go first. We have an issue to deal with in the House, can you imagine that?

**Chairman Heinrich.** I've heard.

**Vice Chairman Schweikert.** But I want us to be intellectually robust here. This is one of the subjects where we go back to our campaign talking points and I think the moral thing for my kids, for everyone's kids, your grandkids is let's get our data. Let's get the facts straight and figure out how we make this next generation

more prosperous because heavens knows we're going to need it. And with that, I yield back, Mr. Chairman.

**Chairman Heinrich.** Thank you. We will go through the rest of the questions in the order that folks arrived. And I'm going to start with you, Speaker Martinez. As we talk about potential federal legislation that can support families with young children, what lessons do you want my colleagues to take back to their districts and their states from what you've experienced so far and how have the states—I know it's a new program and it's being built as we speak, but investments have been made. Have they started to move the needle on affordability and access?

**Speaker Martinez.** Thank you, Mr. Chairman and members of the Committee, for that question, very important question. I want to make sure we distinguish between the idea of building out only a pre-K program versus a comprehensive early childhood education Program. And let me explain, if I may, Mr. Chairman and members of the Committee.

A comprehensive, robust early childhood education Program and system will include everything from home visitation services from prenatal to at least three years of age. Think of it as coaching life skills, parenting skills, and also combined with a robust child care system, and on top of that pre-K for those that are age eligible, usually three- to four-years old.

If you focus on just one of those pieces, you will not get the results. Or if you get some results, they'll vary from place to place and the reality is that they'll be not as robust as we would like. And I'm a big believer that if we just do pre-K and nothing else, we're not going to move the needle very far. If you'd allow me, Mr. Chair, New Mexico's largest provider of home visitation programs is a private program, private, nonprofit tied to a religious institution, CHI St. Joseph's Children. They serve about a thousand kids every year between prenatal and three. It's a three-year program. They started a longitudinal study a few years back and some of the preliminary data is incredible and I'm going to read some of this out to you.

This is a study done by the University of New Mexico. They choice 400 participants, 200 with home visiting services and 200 without a randomized study, both groups with identical demographics. Children are now anywhere between three and six years old. Here are some of the preliminary findings.

The service group had no need for neonatal intensive care, no need for visits to the Emergency Room in the first year of life, problem-solving skillsets for the children in the service group 28 percent higher than those who were not, 21 percent greater vocabulary, 14 percent higher fine motor function, and parents have had zero encounters with the criminal justice system. That's what we're seeing in New Mexico in one home visitation program.

So, as you all consider building out these early care programs, keep in mind that it's not just one piece, but rather it needs to be the entire continuum. Furthermore, in New Mexico, we have choice. We have a choice in K-12. We have a robust charter school system. In fact, my children attend a Montessori charter school because that's what works for them, but we've got other amazing schools. We've got the Native American Community Academy,

which is teaching young Indigenous children in their home language, in their cultural skillsets and assets.

And we also have choice in our early ed system. Our parents, our families can take their subsidy and go to a homebased provider which may have no more than six kids and it's a grandmother cooking for the kids and teaching the kids life skills and academic skills or they can take their child into a center-based program if they so chose to. So, I think that keeping in mind how important it is to focus on the entire continuum is what's really going to help us move the needle and that's what we're seeing in New Mexico now as well.

**Chairman Heinrich.** When my oldest son was an infant and a toddler, I was a consultant and later a city councilor and I was able to care for him myself while his mother worked during the day. She would come home in the late afternoon. We would switch roles and we embraced this challenging, but I think very successful arrangement out of choice. Certainly, many parents simply don't have that kind of privilege.

Ms. Boteach, what are the impacts of the current limits in choice that many people have based on their geography or their income on the economy as a whole, on labor force participation, on economic productivity, and then obviously on the family involved?

**Ms. Boteach.** Some people argue that we can't afford to invest in child care and early learning, but we would argue that we can't afford not to invest because it is not just important for a family's individual economic security, especially with two-thirds of families relying on a mother's income, but it also helps the economy overall. Recent studies showed that the lack of child care and early education is costing our economy about \$122 billion. This is a post-pandemic update. And that is in lost economic productivity, in lost tax revenue from people getting pushed out of the labor force, so this is an issue not just for sort of the individual family unit, but for the health of the economy overall.

From a small business perspective, there was just a hearing earlier this week where new polling from over 500 small businesses showed that nearly six in ten are saying it's harder to start and maintain a small business when their employees are experiencing such child care challenges. And so, really the lack of investment is having ripple effects, but we also know the inverse is true. That when we proactively invest in children, particularly from birth to five, we see long-term positive consequences of that.

That's not just, again, for the economy overall, but for individual families. We did a study at National Women's Law Center with Columbia University, and we showed that if you made high-quality, affordable child care available for all, you would see a 17 percent increase in mother's labor force participation, resulting in over \$100,000 in lifetime earnings and retirement security growth.

And when you think about the pay gap, when you think about widening economic inequality and you think about the fact, again, that two-thirds of families are relying on that mother's income being able to actually enter, stay, and grow in the labor force is a critical component to their families' economic security.

**Chairman Heinrich.** Thank you. Congressman Beyer, welcome.

**Representative Beyer.** Mr. Chairman, thank you very much. And thank all of you for coming and for your written and your oral testimonies. I'm on the Ways and Means Committee in the House where we've been huge fans of the Child Tax Credit. It was passed in a very bipartisan way during the pandemic, and we just passed a bipartisan Child Tax Credit bill, which is stuck in the Senate at the moment, which we hope to get done before the end of the year.

Speaker Martinez, I know New Mexico Working Families Tax Credit has been part of that and is still in place. The Children's Hospital of Philadelphia recently had a study that showed that financial assistance like the Child Tax Credit could eliminate rates of child abuse and neglect and that obviously alleviating economic stress in the family could tangibly improve child safety and lists economic stress as a risk factor for abuse and neglect in a family.

Can you talk about how your New Mexico Child Tax Credit has been—has seems to be working for you guys?

**Speaker Martinez.** Yes, thank you, Mr. Chair and Representative Beyer. A great question. New Mexico has had a longstanding working families' tax credit which piggybacks off the Earned Income Tax Credit. For about 10, 12 years it was 10 percent of the federal credit. In 2019, the New Mexico legislature, under the leadership of Former Chairman of Tax, Jim Trujillo, who recently passed away, a giant among New Mexico politics, he lead the effort to increase that Working Families Tax Credit from 10 percent all the way up to 25 percent.

That Working Families Tax Credit is also inclusive of children aging out of the Foster Care system who may not have children themselves, so they can claim themselves for a few years post Foster Program, and it is also inclusive of undocumented workers who file taxes. New Mexico, being a border state, has relative to our population a relatively large community of undocumented workers who are working out in the fields, working in agriculture, working in the oil and gas industry, and who are raising families. And we felt that it was only right to be inclusive of those families as well with our Working Families Tax Credit.

With regard to the impacts, I think you're absolutely right, and the data you cite from your source I think is also correct. Those tax credits are putting money directly back in the pockets of working families. It is my belief and I think the belief of many researchers who I collaborate with that this is probably one of the most impactful poverty alleviation programs in the country. And let's not forget who started it, it was President Gerald Ford who lead the way all those many years ago. So, it's something that we're very proud of. We're proud to be one of the most generous in the country and also one of the most inclusive in the country.

**Representative Beyer.** Thank you, Mr. Speaker.

Dr. Burke, I find it difficult to agree with most what Heritage recommends, but I always read you guys carefully and I learned a lot of things reading your testimony. One quick thing, 30 years ago I chaired a commission for two and a half years on child sexual assault in Virginia. And one of the conclusions was we needed to do criminal background checks on those who work with small children. It was stunning to find 350 convicted predators working in

child care things. So, when we moved to light regulation, let's not get rid of the criminal background checks.

**Dr. Burke.** Agree on that.

**Representative Beyer.** Okay. I think you make a really strong case, though, when you say the Headstart advantages are gone by second or third grade, some of these other studies. It seems to me, on the one hand, that argues that when you're a child living in poverty with no books in the home, undereducated parents, that you can't just educate them for two or three years and then give up. That they're going to need that extra help through most of their lives. How do you respond to that? That is, is it really a waste that we made that investment in them when they were three, four, and five years old just because it didn't persist when they went back to the crappy school system?

**Dr. Burke.** Well, so the thing to think about with the Headstart study is it is a randomized controlled trial evaluation. So, two groups of children who were eligible for services applied, were able to access services if they wanted to, but then neither didn't access the Headstart Program for whatever reason to enroll. And so, we know on the front end that we control from any of these background variables that might've influenced the outcomes that we see in the data.

And so, I say that because we know that, in fact, to your point, there was no difference at the end of the day between the same kids in poverty, single-parent home, whatever it might be, lack of books in the home, there was no difference for those children having gone through the Headstart Program and not having going through the Headstart Program. And again, this is an RCT, a rigorous evaluation done by HHS itself. And so, the custodial care question—and this is something that was brought up earlier is a separate question from the academic effects of something like preschool.

I mentioned earlier that when Lyndon Johnson launched the Headstart Program in '65, that proponents were very clear that they saw it as a preschool program. Even if we set aside the fact that we aren't seeing robust academic effects as a result of Headstart, one still might make the case that the function of custodial care is an important function. And so, again, I would say if, and it's a big if, the federal government is going to continue to fund Headstart, at least give these families some choices to find options that work better for them.

The current spending on Headstart at \$12,000 is more than the average price of daycare in 37 states. So, giving families that money directly if you're going to continue to fund it, would most likely in most states be more than enough for them to access something that works better for them than the federal Headstart Program.

**Representative Beyer.** I yield back, Mr. Chairman.

**Chairman Heinrich.** Senator Vance. Congresswoman Porter.

**Representative Porter.** So, I have an investment opportunity for everyone in the hearing room today. For every dollar that you invest, you will get back at least four dollars. Anyone want to invest?

**Ms. Boteach.** I'll take it.

**Representative Porter.** It's pretty good. You won't lose your money. You'll always get back more than you put in. And unlike some of these investment schemes, mine is legal. Anyone in?

This is just math. Four is more than one. More money is better than less money. Economists agree, Republicans, Democrats agree. This investment is not a hard decision. People would snap this up in the real world. Invest a dollar, get four back, no risks.

Ms. Boteach, would you believe me if I told you that Congress had that same investment opportunity for our country and turned it down every year.

**Ms. Boteach.** Sadly, yes.

**Representative Porter.** Why would you believe that?

**Ms. Boteach.** Because we know that the science is there that when we support children and families, especially starting at birth, that it yields long-term and outsized benefits for families and for our economy, and yet, here we are over 50 years after Nixon vetoed universal child care still with families struggling to find and afford care and providers making poverty wages.

**Representative Porter.** And I think you gave earlier; what is the total new estimate of how much this would generate for our—if we had affordable child care, full access to child care, what would this generate for our economy?

**Ms. Boteach.** So, for a family—

**Representative Porter.** For the whole economy.

**Ms. Boteach.** For the whole economy, okay. So, we're losing right now \$122 billion.

**Representative Porter.** \$122 billion that we could have in our economy and yet, what we hear around here all the time is that we don't have money to do things. So, Congress has had years to invest in universal child care. Every dollar we put in would've generated—estimates show about four dollars for our economy, yet, we still don't have it. Why? Ms. Boteach, why don't we have this?

**Ms. Boteach.** Well, we need to build the political and public will. The voters are there.

**Representative Porter.** Okay. So, the problem must be then the will of the people here because voters support this. So, let's talk about who's here. How would you describe the gender balance and average age of Congress?

**Ms. Boteach.** It's skews older, male, and white.

**Representative Porter.** That's correct. So, only about 28 percent of members of Congress are women. The median age in the Senate is 65 and the median age in the House is 58. So, on average, lots of older people, lots of older men, lots of men. Is this the type of group who personally needs early childhood education?

**Ms. Boteach.** Generally, not.

**Representative Porter.** Generally not. So, early childhood education won't benefit many members most, the average, member of Congress. Most members kids are grown, so they don't have to care about where their kids are going. And even when their kids were young, most members leaned heavily on their wives, and I say wives because most members are men, heterosexual men, to juggle their kids' schedule. And frankly, there's a lot of rich people in Congress who didn't have to worry about how to afford child care

or how to navigate the system because they were wealthy. Too many in Congress don't get it because they never had to live it.

So, this leads to the familiar policy pattern. The older men, collectively, that's our Congress, not to take away from any individual champions, including Representative Beyer and Senator Heinrich, but the collective body of older, richer men in Congress over invest in things they understand, like the Pentagon, and they underinvest in things like early childhood education that don't personally benefit them, maybe don't even make sense to them, and maybe do not reflect how they lived their lives, even if they are big problems for the majority of Americans.

So, Ms. Boteach, when institutions like Congress perpetuate longstanding social disparities for women like this, is there a term for that?

**Ms. Boteach.** I think it's called patriarchy.

**Representative Porter.** Patriarchy is correct. I would also call it structural sexism. When we say smash the patriarchy, when we say that structural sexism continues to permeate this body and this policy, our policies, that's what we're talking about. We're not imagining it. It's not about interpersonal slights. It is about what this body chooses to get done and to fund and to focus on and what always ends up on the cutting room floor in legislation.

Structural sexism is an age-old story. It's not going to go away by itself. It's going to go away because we make it go away. When we stop undervaluing the work of Black and Brown women, who are the majority of child care workers, when we start recognizing that women can and must contribute to our economy if we're going to have a globally competitive economy.

So, Ms. Boteach, to fix this problem, Congress has to abandon these sexist, outdated ideas and start thinking more about investments. How much would Congress need to invest to establish universal early childhood education?

**Ms. Boteach.** We've been advocating for \$700 billion over 10 years to invest in high quality early care and education, which could easily be supported by taxing wealthy individuals and corporations.

**Representative Porter.** So, you're advocating for \$700 billion over 10 years. President Biden, remember, everyone proposed \$400 billion for preschool and child care and yet, that would've, multiplied by four, generated trillions of dollars for our economy. So, all of our witnesses, everybody said that we'd take this bet we'd quadruple our money if we could, so investing in early childhood education shouldn't be a hard call, even given the profile of Congress. We should all want to make investments that pay back.

So, if my colleagues are not moved by the clear economic benefit of investing in early childhood education, maybe they'll be moved simply by this single mom asking them to care on behalf of all the other parents of young children who are struggling in this country. I implore Congress to invest in child care, child care workers, and early childhood education. And I yield back.

**Chairman Heinrich.** Senator Vance.

**Senator Vance.** Thank you, Mr. Chairman. And thanks to all of you for being here.

Dr. Burke, I want to direct my questions in your direction and particular one of the things that I worry about in the child care conversation is that there is a pretty rigid class divide between how professionally educated people see child care options and preferences in family formation and how working-class Americans see family options and child care preferences. And I want to just sort of start, do you think it's an accurate characterization to say that those with professional degrees are much, much more biased towards those family-care models that depend on two earners at home and outsourcing child care, whereas working class Americans have a much stronger preference for at least part of the time one of the parents or some other relative being able to care for the child at home; is that an accurate characterization?

**Dr. Burke.** Yes, I think that's generally the case.

**Senator Vance.** So, just picking up on something Congresswoman Porter said earlier, there certainly obviously are all manner of ways in which Congress is not reflective of the American people as a whole, but, of course, one of the ways in which Congress is not reflective of the American people as a whole is that we have a much different education and income skew than the country at large. And I guess one thing I'm sort of wondering is has anybody talked about—just take the Headstart Program, okay, we obviously spend close to a trillion dollars in this country on early childhood care. We have a lot of my colleagues, especially on my side of the aisle tend to support what's called school choice where you give families different options. And I wonder if there've been any significant proposals in your mind, any credible proposals in your mind that would actually extend the choice model a little bit more broadly? And so, say, for example, you're professionally educated, or a working-class person and you would like to have every adult in the household working outside the home and you'd like to have child care paid for by people outside the home. That's one model.

But another model, and, in fact, I think the preference of most Americans actually fits in with this model is if you're a mom or a dad, maybe it's been a few years, at least working part time so you spend more time at home with the kids and then you reenter the market workforce at some point later. And obviously, that was more true of women 50 years ago. It's increasingly true of men and women today. But I'm sort of curious, have you thought of any school choice like proposals that would not force the professional class preference on everybody, but would actually give people some choices for how they care for their children during those formative years?

**Dr. Burke.** Well, thank you for those questions. And if I could just, for the record, say I would not take Congresswoman Porter's investment opportunity because it's investing with other people's money and it's making choices that they might not themselves want to make with those dollars.

So, on the questions that you mentioned, Senator Vance, so as I mentioned earlier, the vast majority, three-quarters, 76 percent of married women, married mothers would prefer either to work part time or to be full-time homemakers. And so, you're absolutely right that there's a preference among the majority of married mothers in this country to at least have some part-time opportuni-



ties rather than going full time into the workforce and relying on outsourced or paid-for child care. Just 23 percent of married mothers would prefer to work full time when their children are young.

So, when we put the thumb on the scale of large federal or state spending on these pre-K programs, we're putting our thumb on the scale of more people going full time into the workforce, which might be against their preferences, more people utilizing center-based care, which might be contrary to their preferences.

On the choice question, it's a great one. There's a great proposal that has excellent policies for reforming Headstart that Senator Mike Lee has championed over the years. It's the Headstart Reform Act and the policies in that proposal would take existing federal Headstart dollars and allow eligible families to use those at any provider of choice rather than relegating them to ineffective and quite frankly fraudulent and in some cases unsafe Headstart centers. So, giving some choice options within Headstart and again, moving forward with the 2017 Tax Cuts and Jobs Act reform which took 529s from just the college savings component down to K-12, continuing to expand that down to the pre-K and early ed level would provide some choice options and enable families—you could imagine a situation where you find out you're expecting—how your wife's expecting. You tell everybody in your family contribute to my 529 day one and you're then able to build a pretty decent nest egg by the time, you know, are eligible for preschool to actually pay for that out of pocket. So, there are some choice mechanisms out there, if that makes sense.

**Senator Vance.** Thank you for that answer. I'm mindful of time, so I'll just be brief. But just it occurs to me that there's something a little deranged about the conversation when we have, to your point, 76 percent of married moms, and I'm sure a lot of single moms and a lot of dads too who would like to spend more time at home with their children during those formative years and our answer to them is you've got to go to the workforce because that's what's going to raise GDP. Like what is wrong if that's the heuristic we apply to these decisions and public policy. Thank you, Mr. Chairman.

**Chairman Heinrich.** Thank you, Senator. I'm going to do another quick round and I'm going to have to leave in a few minutes, so I'll hand the gavel off to Representative Beyer. But I'm curious. You referred a little bit about the structure of the 529 account as an early childhood solution and I want to ask you, Speaker Martinez—and first, I should say I like 529s. I think they're helpful to me today for my kids' college education, but when you match up 529s, and I generally support expanding them to additional educational structures, whether that's trade school or early childhood. But you know the reality of most New Mexicans, and most of your constituents, most of my constituents, when they're freshman college-age children start university, they don't have a 529 of any substantial means.

Just talk a little bit about the scale of what you're trying to do in New Mexico and whether or not that would—how that would fit into a broader approach, including choices, which you've articulated?

**Speaker Martinez.** Thank you, Mr. Chair. Look, I think in a perfect world we would all have access to 529 accounts. We would all fund them. We would all invest in them and our children when they turned 18 and go to college could cash them out. That's not the reality for our state. That's not the reality for most of the country. The notion that working families one of the parents want to stay home and be with the child, I support that. The problem is they can't afford it. The federal minimum wage is, what, seven dollars and change? How can you afford to stay home with your newborn? This is not about forcing people into the workforce for the purposes of increasing GDP. This is about families and being able to raise and nurture our children.

So, if that's the route we want to take, then let's talk about a guaranteed basic income program and allow new moms or new dads to stay at home for three months, for six months, for whatever length of time they want to stay at home so that they can be with their child.

Going back to your question, look, in an early childhood delivery system the notion of 529 accounts just doesn't compute with me. You need to be able to get your child sometimes within weeks of them being born into a program. I believe that is what we're building in New Mexico, which is, as you know, a blended system of delivery between private and public providers is the way to go.

529 accounts for college, or higher ed, that's fine. I've got another one for you all. It's actually a Senate bill that Senator Cory Booker is running, and I believe, Mr. Chairman, you might be on that bill as well, and that's a baby bonds bill. Let's build baby bonds trust fund accounts for every baby born in this country or at least every baby that needs it, every baby from a working family to make sure that that child, once they turn 18, has a 40, 50, 60,000 dollar trust account that they can use for higher ed, that they can use to start a business, that they can use to buy their first house.

**Chairman Heinrich.** Ms. Boteach, in your testimony, you talk about how this private market for child care and pre-K is sort of fundamentally broken as it leaves families with high costs and it really leaves providers in many, many cases with very low pay. Talk a little bit about what is needed in this sector to solve both of those things, to make sure that we're compensating providers fairly and adequately and also taking care of the parents who are shaping the next generation?

**Ms. Boteach.** Thanks for that question. You know when you have a broken market, you need a third-party investor and given the public benefits of child care and early learning for children, for families, for the economy overall, child care is a public good and should be invested in, as such, with sustained and robust funding. And that injection of funding would allow for a building of a supply because one of the things we haven't really talked about today I you can give families monies for child care, but they have to be able to find it. And if there is not a workforce of well-paid, professional child care providers, whether they're home-based, school-based, center-based, friend, family, and neighbors, if we are not making that a job with living wage, we're not going to have child care there for people to use.

And so, one of the things I think is important is, yes, we need to make child care more affordable, but we also need to make sure that the workforce who is over 90 percent women and disproportionately Black, Brown, and immigrant women, are paid a living wage for the essential work that they do. I'll also say that we're talking a lot about universal, but universal doesn't mean the same for everybody.

We've also been really clear that a mixed delivery system is ultimately what is needed for birth to five, and that means that families should be able to choose if they want a home-based provider, if they want a center-based provider, if they want to use friend, family, and neighbor care, but right now families have no choice and that's, I think, a really important thing that oftentimes lawmakers miss is that when we don't invest in the system families don't actually have a choice. They're faced with just impossible choices. Do I leave the job when I need the money to make this month's rent, or do I stay and sort of try and find child care that I can't afford and then it's eating up over half of my paycheck. That's not a choice. And so if we actually want thriving families, thriving caregivers, sustained and robust investment is required.

**Chairman Heinrich.** Thank you. I'm going to hand the gavel over to the very capable Congressman Beyer. And I want to thank all of our witnesses for being here today. I don't think there is a more important issue than how we can elevate our entire country by better educating our pre-K population and I really appreciate all of you contributing to this conversation.

**Representative Beyer.** Thank you, Chairman Heinrich, very much and good luck this afternoon. We won't keep you much longer, but it's a fascinating conversation.

Ms. Boteach, how do we make it more affordable?

**Ms. Boteach.** So, if you put sustained and robust funding into the system and there's a variety of different ways that you can do that, but primarily, right now the main program is the Child Care Development Block Grant, and Build Back Better. There was a proposal for child care guarantee for states, et cetera. But the idea being that you give parents opportunities through these vouchers to be able to find a child care that meets the needs and the standards and that fits their family's needs and at the same time you have standards about how much early educators are making, making sure that it's a field that are paid like the professionals that they are with living wages.

And you invest in supply building because, again, most of the costs of providing early care and education is labor costs. Because in order to have a high-quality environment for children and families there need to be appropriate ratios of caregivers to children.

And so, that's the way forward is I wish—actually, I don't wish. I'm glad that it's not overly complicated. When you have, again, parents paying too much and when you have providers earning too little, sustained and robust funding is the number one policy intervention and then you can play with the details. But without that money there's no choice and that's one of the reasons why public funding is really a precursor to a lot of the large and structural changes that we need to make in our system.

I'll also say that early childhood education is part of a larger suite of policies that we can invest in families—paid family and medical leave, a fully refundable and periodic payment child tax credit, WIC. These basic necessities are all part of the suite of programs to help children and their families thrive, and also, again, provide that choice. If parents choose how much to work, part time, full time, et cetera, things like paid leave, things like the child tax credit. There are a range of policies that support choice for parents, but if we don't invest in child care and early learning, one of those choices is taken away.

**Representative Beyer.** You said something about different needs for different children. I know it showed up in Ms. Hroncich's testimony too, different kids. I have four children. I just realized I had four different preschool experiences based on who they were and where they went.

**Dr. Burke,** you talked about the Headstart kids taking \$12,000 and going and finding their best things, but also paired with the 76 percent of moms part-time or full-time. I know my mother stayed home full time with the six children, no choice. My wife much preferred to freelance where she could, but was home a lot.

If we're willing to give them \$12,000, shouldn't we also be willing to do robust child tax credits, because when we had those—I know this from my daughter and my two grandchildren, it made it a lot easier on that family to be able to afford things.

**Dr. Burke.** Thank you for that question. So, on the Headstart question on Headstart spending, we should not, as a matter of course, at the federal level fund daycare and preschool. It is simply not the role of the federal government to do any of this. And so, hence, I always have the caveat at the beginning, if, the federal government is going to continue to fund Headstart, we should at least voucherize it, make it work more like the Child Care and Development Block Grant, half of which is voucherized to provide these families with more options.

In terms of how we might drive down costs, I think one of the best things we could do, and this is largely a state-level reform, is to remove some of those regulatory barriers. I'm glad you mentioned the background checks earlier. That's one that makes sense for a provider to have in place. What does not make sense are things like in Washington, D.C. extremely low, two-to-one, infant to teacher ratios in a classroom, or even worse, a bachelor's degree requirement for the lead teachers in D.C.

Washington, D.C. is the only place where there's a bachelor's requirement for these lead teachers. That significantly increases the cost of providing care.

**Representative Beyer.** And yet, typically, the Heritage Foundation would argue that states should be able to make up their own rules and regulations.

**Dr. Burke.** Absolutely.

**Representative Beyer.** Which they've won and done in D.C.

**Dr. Burke.** Sure, of course. But if D.C. wanted to make their market more affordable, they should look at the regulatory landscape and the regs that they've layered onto those providers we know do not improve care. They simply drive up costs and limit choices for families.

**Representative Beyer.** I would also have to say I don't think we can say this is not the federal government's responsibility. The response of our nation is to form a more perfect union and if lifting up our children is part of forming a more perfect union, that would be our responsibility.

Speaker Martinez, I was just meeting today with the head of Injuries at CDC, who pointed out that adverse child experiences, ACES, are closely linked with depression and suicide ideation among adolescence and young adults. What have you done in New Mexico on adverse child experiences?

**Speaker Martinez.** Congressman, thank you for that question. It is a very important one for a place like New Mexico. In New Mexico, we have 23 independent sovereign Tribal Nations and many of them produce some of the most beautiful pottery you've ever seen. A child's brain, 80 percent of it develops before the age of three. Imagine a pottery in New Mexico forming this beautiful piece of pottery and before it dries in come these holes that are poked and made into this piece of pottery. Once it dries those holes make it so that piece of pottery can't hold water.

For many, many years, that's what happened in New Mexico and our children. The rate of adverse childhood experiences ranked among some of the highest in the nation. These adverse childhood experiences could be exposure to domestic violence. It could be poverty, hunger, crime, drug abuse in the household. So, when our children start kindergarten, their little brains are impacted and sometimes permanently by these adverse childhood experiences.

It is the purpose of a robust and comprehensive early education system to help offset those adverse childhood experiences. New Mexico's not alone. I think states, in general, that experience high rates of poverty will have children who experience high rates of adverse childhood experiences. ACES, for short, is what we call them. Without addressing and without mitigating those risk factors, children are, in fact, on a path toward many times self-destruction, be it drug abuse, be it involvement with the criminal justice system, be it that they become offenders themselves of the same things that impacted them.

That's where issues and concepts like generational poverty, cycles of poverty, cycles of abuse come into play. New Mexico has a very unique history, 500 years of conquest, from when the Spaniards first arrived through the Mexican Period, the territorial period, and now the United States of America. And we have people who have lived on that land for thousands of years, long before this country was founded. It is those people that sometimes that still are dealing with that historical and generational trauma, as represented by those adverse childhood experiences that many of those children to this day continue to live with.

That is the role of government in my state. That is my plight and my journey as Speaker of the House of Representatives in New Mexico is to create a system that helps alleviate exposure and mitigate the risk factors for our children.

**Representative Beyer.** Thank you, Mr. Speaker, very much. We now recognize the gentlelady, the Congresswoman from California, Ms. Porter.

**Representative Porter.** Thank you very much. I want to start by talking about other people's money because last time I checked that's what we spend is the American people's money. That's actually the function of Congress and there are no dollars that we spend that do not come from the American people. So, the argument that we shouldn't do something because it's spending other people's money would simply suggest that we don't spend any money at all, including zeroing out the defense budget. Is that, in fact, what you were suggesting, Dr. Burke, that we zero out the defense budget so that we don't spend other people's money?

**Dr. Burke.** No, but it is the case that—

**Representative Porter.** Right. I'm reclaiming my time.

**Dr. Burke.** You are spending other people's money.

**Representative Porter.** Always.

**Dr. Burke.** And those choices needs to reflect what most Americans want.

**Representative Porter.** Okay.

**Dr. Burke.** Most Americans do not want—

**Representative Porter.** Reclaiming my time, Mr. Chair.

**Dr. Burke** [continuing]. Universal child care.

**Representative Porter.** This is not a hearing about federally-mandated Headstart. I don't know what you're talking about. This is actually not what this hearing is about. This is a hearing about the economic and individual investment and returns and benefits, both to the future generation of American children, as well as to our ongoing current economy. There are lots of ways that we could deliver this. Like Representative Beyer, I have had lots of different kinds of arrangements. Universal, to quote what Ms. Boteach said, doesn't mean "the same."

Universal means that the funding, the outcome, the choice is there and available, if, if we have universal healthcare in this country, and we don't, some people might choose to go get a colonoscopy every year and a lot of people won't. It's the same thing with child care. I personally have had my children in big corporate care. I've had them hourly in-home, part time. I have had full-time live-in. I have been in a family-owned small business, and I have had in-home family-based care. All of it. And you know what it all was, really helpful. Particularly as a single mother because there is no other person.

Senator Vance's hypothetical says that one parent might prefer to stay home. That's probably true. There's a lot of statistics that show that parents, men and women, have different preferences at different points in time, but what about the 10 million single moms? Where do they fit?

Dr. Burke, where did you put your children in child care?

**Dr. Burke.** Well, I'm not going to bring my children into this hearing, so it doesn't have any bearing on this.

**Representative Porter.** Dr. Burke, do you have children?

**Dr. Burke.** I do.

**Representative Porter.** So, I'm sharing my story because my story is one that doesn't get heard in this Congress because you know how many single moms there are, one. Child care, custodial care to help people who may choose all kinds of different options. I've had full-time care. I've had three-fourths care. When I had a

spouse, he stayed home some years. That was how we fit the pieces together, but that's what this hearing is about, not jamming one size fits all. But if there isn't the money, there won't be the choice. That's why we see married parents saying they would prefer to stay home because they have the option to stay home. Single parents don't say they'd rather stay home because they couldn't. So, our whole perspective here is warped by the fact that this body is so disproportionately unrepresentative of the American people's experience. It is absolutely Congress's job to spend the American people's money. And if we can't spend it to help the next generation of American workers, I don't know what the hell we're doing here. I yield back.

**Dr. Burke.** Can I respond quickly to that?

**Representative Beyer.** No thank you, Dr. Burke.

**Dr. Burke.** All right.

**Representative Beyer.** We appreciate it, but I want to acknowledge that Senator Hassan is here and had to go to another meeting. I'd like to thank all of you for joining this conversation about the benefits and the controversies of investing in early childhood education.

Investing in early childhood education, we believe, has lasting benefits for children, teachers, businesses, and society as a whole. And ensuring quality early childhood education, while supporting workers in the sector, has never been more vital for families and the economy. I'm proud of the progress Senator Heinrich, I know is, in New Mexico. Yet, there's still a lot of work that needs to be done by all of us, including the federal government, to ensure that everyone has access to quality early childhood education. So, I would like to thank each of our panelists for their contribution to this ongoing discussion. Thank you to my colleague, Ms. Porter, for being part of this important discussion.

Questions for the record may be submitted after the hearing and the record will remain open for three business days. And with that, this hearing is adjourned.

[Whereupon, at 4:40 p.m., Wednesday, April 10, 2024, the hearing was adjourned.]





## **SUBMISSIONS FOR THE RECORD**

**Joint Economic Committee**  
**Opening Remarks of Chairman Martin Heinrich**  
**Hearing “Building Blocks for Success: Investing in Early Childhood Education”**  
**April 10, 2024**

This hearing will come to order.

I would like to welcome everyone to today’s Joint Economic Committee hearing, titled “Building Blocks for Success: Investing in Early Childhood Education.”

Today’s hearing will begin with five-minute opening statements from myself, Vice Chairman Schweikert, and each of our four witnesses.

We will then proceed to questions, alternating between parties in the order of Member arrival.

Members are reminded to keep their questions to no more than five minutes.

Now, for opening statements.

This Congress, this Committee has repeatedly discussed how important it is to invest in our nations’ kids and families.

Time and again, our witnesses have reiterated how investing in kids strengthens our economy, immediately and long into the future.

Today, we’re focusing specifically on the economic benefits of early childhood education.

The data clearly shows that having access to affordable and reliable early childhood education unlocks benefits for parents, their kids, and the economy.

Many of our own personal experiences back this up.

Affordable early childhood education makes it easier for parents and caregivers to work, to afford groceries and rent, and to save for retirement.

In total, researchers estimate that inaccessible child care costs anywhere between \$8.3 and \$78 billion in lost wages every year.

High quality pre-K also helps kids do better in school later in life and can even improve their future job prospects.

And when parents can keep working without having to worry about providing child care themselves, businesses don't have to spend time and money hiring and training their replacements.

This could save companies billions of dollars each year.

Federal investments in early childhood education also help keep child care centers open and raise wages for child care workers.

The benefits of accessible and affordable child care pay off long into the future, with higher lifetime earnings and better outcomes for many kids who participated in early childhood education.

This, in turn, leads to a stronger workforce, economy, and revenue base at the local, state, and federal levels. All while driving down spending on social services.

Unfortunately, right now, this win-win scenario remains out of reach.

That's because the current, private market for early childhood education simply cannot and is not meeting the needs of every family.

As of 2018, more than half of people in the United States lived in a child care desert, where slots fall alarmingly short of demand, resulting in long waitlists and high prices.

Families are currently spending an average of 10% of their income on child care, despite the fact that the Department of Health and Human Services recommends no more than 7%. Government funding and support for these programs is essential for our country and economy to reap the maximum benefits of early childhood education.

While investments in the American Rescue Plan helped bring down the cost of care for families and support child care workers, that funding was only temporary.

I've repeatedly advocated for more federal child care funding, but Congress has yet to meet this growing need.

Because of this inaction, it has been up to states to lead the way on guaranteeing affordable early childhood education.

Today, we'll hear more about how we fought to lead the way in New Mexico, setting the standard when it comes to providing accessible child care and pre-K to every family.

That journey started over ten years ago, when families and advocates in New Mexico fought to amend our state constitution to tap into our land grant permanent fund so we could deliver the benefits of early childhood education to every single one of our kids.

I was proud to be the first of New Mexico's federal elected leaders to support this effort. And, after over 70% of New Mexicans voted for it in 2022, I was proud to lead the effort to secure the congressional approval that was required to put this program in action.

As a result, funding for early childhood education in New Mexico is going up by \$150 million, per year.

New Mexico has also implemented the Early Childhood Trust Fund to further ensure sustainable funding.

These new funds are still getting out the door, but already research is showing the benefits for families and providers.

That includes early results from research done by the Cradle to Career Policy Institute at the University of New Mexico.

They've found that the early childhood education expansion in New Mexico is making it possible for parents to return to the careers they had put on hold in order to stay home with their children.

Some are starting their own businesses, or returning to school, or putting the savings towards buying a house.

Parents are reporting less stress and better mental health.

And this is helping providers too. 43% of child care providers were able to increase staff wages, 63% were able to improve facilities, and 59% report increased quality of care.

When all is said and done, nearly all families in New Mexico will ultimately have access to free child care and early education, helping them to cover other important expenses and invest in their futures.

For families in New Mexico with infants in center-based care, these savings would cover over seven months of the median rent, or over half of the average down payment on a house.

That's life-changing for families. And our economy – now and into the future.

At the federal level, we are far from the standard New Mexico has set.

But we have made good investments in federal tax credits and programs that help families recoup certain child care expenses.

Programs like the Child Tax Credit, the Child and Dependent Care Credit, and the Child Care and Development Block Grant allow families to offset or subsidize the costs of raising a child.

The Biden administration is also doing its part — passing a landmark executive order supporting the care economy last year, and taking important steps to boost wages for Head Start workers and cut the cost of on-base child care for military families.

And certain grants from the CHIPS Act require recipients to show how they'll provide child care to their workers, making sure that our investments in new manufacturing don't leave parents behind.

Treasury Secretary Yellen has described the child care market as a textbook case of a broken market. I agree.

But if we can build momentum, we can get this market working – all while helping get parents back to work, too.

I'm looking forward to hearing more from our witnesses today about how investing in early childhood education can help the United States boost labor force participation and invest in future generations.

I will now turn to Vice Chairman Schweikert for his opening statement.

**Joint Economic Committee Hearing  
“Building Blocks for Success:  
Investing in Early Childhood Education”**

Wednesday, April 10, 2024

New Mexico House Speaker Javier Martinez  
Written Testimony

Thank you, Mr. Chairman, and members of the committee.

I am Javier Martínez and I serve as Speaker of the New Mexico House of Representatives. I am also the son of hardworking immigrant parents.

It's a testament to my parents and their belief in the American Dream that I am where I am today. I chose a life in public service because, I, too, believe in the power of the American Dream. I want all families to be able to achieve what my parents did and create a better life for their kids.

### **A Portrait of Childhood in New Mexico**

There are 22,000 children born in New Mexico each year. Many of these children face enormous challenges, but increasingly, they also have access to some incredible opportunities.

We are a large, mostly rural state with a majority-minority population. In New Mexico, about 77% of kids are children of color. Many of our families have long histories of generational poverty and trauma.

Our state still ranks near the bottom of the nation in child poverty, with 24% of New Mexico kids living at or below the federal poverty line. Only 45% of New Mexico families have incomes at or above 200% of the federal poverty line.

We also have long struggled with student performance metrics and graduation rates that are below the national average.

For many, many years, New Mexico has been seen as, and we have seen ourselves as, a poor state. Volatile funding streams made it difficult for us to predict state revenues and make meaningful investments to address the challenges we face.

### **Statistics Do Not Define Us**

But we've refused to let these statistics define us or limit our vision for the future. Today, we are no longer a poor state. We are entering a new era of financial stability, with several years of historic revenues, as well as some of the greatest per capita reserves in the country. This presents us with an opportunity, and a responsibility, to put our values into action, and into our budget and policies.

We know that giving our kids the best possible start in life will have a tremendous positive impact on those children and their families. We also know that it will help us solve some of our toughest challenges, from breaking those cycles of generational poverty, to reducing crime, and building the skilled workforce we need for the future.

For over a decade, a diverse coalition of community champions patiently and persistently built political will to do something big, bold, and significant on early childhood education in our state. Slowly, but surely we gained momentum. That is thanks in no small part to leaders like Chairman Heinrich, who was one of the first elected officials to believe in this movement and whose support has been steadfast.

Thanks to this movement, New Mexico is steadily rebuilding the “village” it takes to raise a child. In 2019, we launched a cabinet-level Early Childhood Education and Care Department, so that there’s someone in our state whose job it is to make sure we meet the needs of all of New Mexico’s children in their most formative years.

In 2020, we established the Early Childhood Trust Fund, with an initial appropriation of \$320 million, and annual distributions of excess revenue from federal mineral leasing payments. Distributions from the fund are projected to grow to \$443.75 million by FY 2028.

In 2022, New Mexico voters overwhelmingly approved a landmark constitutional amendment to guarantee all children in the state a right to early childhood education. New Mexico is the first state in the nation to guarantee this right. This amendment also established a dedicated, sustained funding stream for early childhood education and care, with an annual distribution of \$126.9 million from our Land Grant Permanent Fund.

We’re also building up the infrastructure we need to sustain these programs. We have expanded eligibility for child care assistance to 400% Federal Poverty Level and waived parent copayments for childcare assistance.

We recently passed some of the most generous tax credits for working families in the nation. We created our own state-level child income tax credit. In 2023, we increased that state child income tax credit value up to \$600 per eligible child and added a measure to adjust the credit amount annually to account for inflation. The New Mexico Working Families Tax Credit also offers refundable credits, based on family size and earned income, and can reduce eligible taxpayers’ federal and state tax bills.

We are investing directly in quality child care, pre-K, and home visiting services. And we just reduced the tax burden on child care providers who offer subsidized care to families



in need. Additionally, we're making affordable housing, behavioral health services, and treatment for substance use more accessible to support family health and stability.

### **Replicating the Magic**

New Mexico may be unique, but we know many states face similar challenges when it comes to child care. Federal American Rescue Plan Act funding has been incredibly effective in shoring up child care across the country. But as these funds run out, states must step up to address these challenges, so that children can get the head start they deserve, so that parents can participate in the workforce, and so that our communities and economy can reap the benefits.

My message to other lawmakers is to be bold and be persistent.

### **Resources and links:**

- Education Next's Chance for Success Index: <https://cdn.epe.psdops.com/79/c3/8622d8094624835741611f035f79/17csi.h26.pdf>
- New Mexico Kids Count Data Book 2023: <https://www.nmvoices.org/wp-content/uploads/2024/01/2023-NM-KCDB.pdf>

Joint Economic Committee hearing

Building Blocks for Success: Investing in Early Childhood Education

Written Testimony of Melissa Boteach Vice President, Income Security and Child  
Care/Early Learning National Women's Law Center

April 10, 2024

Good afternoon Chairman Heinrich, Vice Chairman Schweikert, and other distinguished members of the Joint Economic Committee. My name is Melissa Boteach, and I am the Vice President of Income Security and Child Care/Early Learning at the National Women's Law Center (NWLC).

For more than 50 years, NWLC has fought for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. We use the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us—especially women of color, LGBTQ people, and women and families with low incomes.

I am grateful for the opportunity to testify before you today on the economic benefits of investing in child care and early education, the crisis the child care sector faces, and federal and state policy solutions to stabilize and equitably rebuild this critical foundation of our society and economy.

#### **I. Child Care is a Public Good, not a Personal Luxury**

Merline A Gallegos is a home-based child care provider in New Mexico. She and the early educators who work with her are a backbone of their community and of the local economy in Las Cruces. Because of the care and education they provide, parents are able to go to work, children are better prepared to succeed in and out of the classroom, and businesses benefit from a reliable workforce.

Merline is but one of hundreds of thousands of providers across the United States who make work possible for the rest of us, prepare the next generation of children for success, and support widespread economic growth. The research is clear:

- *Child care is foundational for children's healthy growth and development:* Developmental disparities take root well before children are 5 years old, and families' economic instability and stress are associated with negative outcomes in terms of health and educational achievement.<sup>1</sup> Luckily, the inverse is also true. When we invest in children starting at birth, it yields long-term positive outcomes for their health, education, and employment.<sup>2</sup> Since children under 5 years old are the most diverse generation in American history, investing in high-quality, affordable child care and early learning also advances racial equity.<sup>3</sup> Quality child care programs have been associated with positive health benefits, including higher immunization rates, higher screening and identification rates, and improved mental health.<sup>4</sup>

<sup>1</sup> Bipartisan Policy Center, *36 Years Later: A Nation Still at Risk* (Sept. 2019), [https://bipartisanpolicy.org/wpcontent/uploads/2019/09/Early-Childhood-Report\\_36-years-later\\_September-2019.pdf](https://bipartisanpolicy.org/wpcontent/uploads/2019/09/Early-Childhood-Report_36-years-later_September-2019.pdf).

<sup>2</sup> Arloc Sherman & Tazra Mitchell, Center on Budget and Policy Priorities, *Economic Security Programs Help LowIncome Children Succeed Over Long Term, Many Studies Find* (July 2017), <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>

<sup>3</sup> William H. Frey, *Less Than Half of the US Children Under 15 Are White* (June 2019), <https://www.brookings.edu/research/less-than-half-of-us-children-under-15-are-white-census-shows/>.

<sup>4</sup> Taryn Morrissey, *The Effects of Early Child and Education on Children's Health* (April 2019), <https://www.healthaffairs.org/doi/10.1377/hpb20190325.519221/full/>.

- *Child care supports our entire economy:* The child care challenges of a parent now translates into productivity challenges for their employer, amounting to an estimated \$23 billion aggregate loss each year.<sup>5</sup> More broadly, the United States is losing an estimated \$122 billion each year in lost earnings, economic productivity, and foregone revenue due to the lack of affordable, high-quality child care.<sup>6</sup>
- *Child care is critical for family economic security:* Research by the Center on Poverty and Social Policy at Columbia University and National Women's Law Center found that an investment in affordable child care for everyone who needs it would increase the number of women with young children working full-time/full-year by about 17 percent, and by 31 percent for women without a college degree.<sup>7</sup> That increase in labor force participation would translate into higher wages for women and greater security for the families who depend on them. With access to affordable care, a woman with two children would see her lifetime earnings increase by about \$94,000, leading to an increase of about \$20,000 in private savings (contributions plus growth) and an additional \$10,000 in Social Security benefits.<sup>8</sup>

**However, despite its important public benefits, child care is too often perceived and funded as though it were a private luxury**—a service that is accessible only to those who can pay for it, instead of a basic necessity guaranteed to all.

- While education for children in grades K-12 is a right, parents are left to figure out how to care for and educate their children during their first five years of life—the years when brains are developing at their fastest—with few or no public resources.
- While child care functions as a form of infrastructure, its workforce has been left to struggle in poverty while supply shrinks from disinvestment. The government is the primary financer of physical infrastructure like roads and bridges, and has made concerted efforts to invest in improving jobs for workers in construction and other related fields. Yet the cost of maintaining our nation's care infrastructure is primarily borne by women's unpaid and underpaid labor.

In short, as Treasury Secretary Janet Yellen has concluded, child care as *"a textbook example of a broken market."*<sup>9</sup>

## II. The Child Care Crisis has been Centuries in the Making

Despite the crucial role Merline plays in her community, she and the families who rely on her struggle paycheck to paycheck. Even with four children of her own, Merline uses her own money every week to buy food for the children in her care whose families cannot afford it.

<sup>5</sup> Council for a Strong America, "\$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis" (February 2023) <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>.

<sup>6</sup> *ibid*

<sup>7</sup> [A Lifetime's Worth of Benefits: The Effects of Affordable, High-Quality Child Care on Family Income, the Gender Earnings Gap, and Women's Retirement Security - National Women's Law Center \(nwlcc.org\)](#)

<sup>8</sup> *ibid*

<sup>9</sup> [Child care in the US is a 'broken market,' Treasury report finds \(yahoo.com\)](#)

Merline's experience is not uncommon. Across the country, families are struggling to find and afford child care and providers are struggling to keep their doors open. Consider that even before COVID-19:

*Families were struggling to afford child care costs—if they could find child care at all.*

- In the three decades leading up to the pandemic, the cost of child care grew twice as fast as the rate of overall inflation.<sup>10</sup>
- In more than half of states, child care for an infant in a child care center cost more than in-state college tuition.<sup>11</sup>
- Only one in six eligible children were served by the Child Care and Development Block Grant and related federal child care programs.<sup>12</sup>
- Families—particularly in rural areas—struggled with a lack of care options with more than half of Americans residing in a licensed child care desert, or a neighborhood with an insufficient supply of licensed child care.<sup>13</sup>

*Early educators were paid poverty wages for caring for and educating our children.*

- Child care is one of the lowest paid professions in the United States,<sup>14</sup> despite rising requirements for credentials and education and extensive research pointing to the importance of the early years for young children's healthy development.<sup>15</sup>
- Recent data show that over half of child care workers were enrolled in at least one public assistance or support program.<sup>16</sup>
- Many child care workers cannot afford child care for their own children. Pre-pandemic data show in 21 states and the District of Columbia, non-preschool child care workers would have to spend over half of their annual earnings to pay for center-based infant care.<sup>17</sup>

<sup>10</sup> National Women's Law Center, Cutting Costs for Women and Families Depends on Public Investments, (March, 2022), <https://nwlc.org/wp-content/uploads/2022/03/PublicInvestmentFS-1.pdf>.

<sup>11</sup> Child Care Aware of America, The US and the High Price of Child Care: An Examination of a Broken System (2019), <https://www.childcareaware.org/our-issues/research/the-us-and-the-high-price-of-child-care-2019/>.

<sup>12</sup> Nina Chien, Factsheet: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2019 (Washington, DC: U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, 2022), available at <https://aspe.hhs.gov/reports/child-care-eligibility-fy2019>.

<sup>13</sup> Rasheed Malik, et al., Center for American Progress, America's Child Care Deserts in 2018, (Dec. 2018), <https://www.americanprogress.org/issues/early-childhood/reports/2018/12/06/461643/americas-child-care-deserts-2018/>.

<sup>14</sup> Julie Vogtman, National Women's Law Center, Undervalued: A Brief History of Women's Care Work and Child Care Policy in the United States (2017), [https://nwlc.org/wp-content/uploads/2017/12/final\\_nwlc\\_Undervalued2017.pdf](https://nwlc.org/wp-content/uploads/2017/12/final_nwlc_Undervalued2017.pdf).

<sup>15</sup> Zero to Three, Early Development & Well-Being, <https://www.zerotothree.org/early-development>.

<sup>16</sup> Marcy Whitebook, et al., Center for the Study of Child Care Employment, Institute for Research and Labor Employment, University of California, Berkeley, (2018), <https://cscce.berkeley.edu/wp-content/uploads/2018/06/2018-Index-Executive-Summary.pdf>.

<sup>17</sup> Elise Gould, Child Care Workers Aren't Paid Enough to Make Ends Meet (Economic Policy Institute, November 2015), <https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/>.

*These inequities disproportionately impacted women and families of color.*<sup>18</sup>

- Virtually all child care workers (over 90 percent) were women, and disproportionately women of color and immigrant women.<sup>19</sup>
- Black and Latina mothers were more likely to work in jobs that have low pay and few or no benefits, making care more difficult to afford.<sup>20 21</sup>
- Black, Indigenous, People of Color (BIPOC) families were more likely to face greater barriers to accessing care,<sup>22</sup> including high costs, lack of care options that match their work schedules, language barriers, and lack of culturally competent, trusted options, all leading to inequitable participation in licensed child care across racial groups.

These trends - which were only exacerbated by the pandemic - are no accident, but rather rooted in a racist and sexist history of undervaluing the care work done predominantly by Black women, Indigenous women, and other women of color.<sup>23</sup> Since the time of slavery, Black women have been expected to care for the children of white families for little or no pay. As the New Deal created new protections for workers, domestic and care workers were intentionally excluded. And in the lead-up to the pandemic, through cuts to discretionary spending and budget caps, lawmakers allowed investment in the Child Care and Development Block Grant, our nation's primary policy for investing in child care, to erode, leaving fewer and fewer eligible families with access to child care assistance.

As a result, the sector was already hanging by a thread when the pandemic hit.

### **III. Pandemic era relief underscored the importance of sustained and long-term investment in the child care sector**

With the onset of the pandemic, the child care sector—already precarious—began to collapse. Providers faced reduced fees as families pulled children from congregate settings, while struggling with increased operating expenses to provide safe care for the families who stayed. By July 2020, Child Care Aware research showed that 35 percent of centers and 21 percent of family child care programs remained closed nationwide.<sup>24</sup> In December of 2020, the National Association for the Education of Young Children

<sup>18</sup> Lea J.E. Austin, et al., Racial Wage Gaps in Early Education Employment, Center for the Study of Child Care Employment, (Dec. 2019), <https://cscce.berkeley.edu/racial-wage-gaps-in-early-education-employment/>.

<sup>19</sup> Shiva Sethi, et al., An Anti-Racist Approach to Supporting Child Care Through COVID-19 and Beyond, The Center for Law and Social Policy (July 2020), <https://www.clasp.org/publications/report/brief/anti-racist-approach-supporting-child-care-through-covid-19-and-beyond>.

<sup>20</sup> Jasmine Tucker & Julie Vogtman, When Hardwork is Not Enough: Women in Low-Paid Jobs (April 2020), [https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report\\_pp04-FINAL-4.2.pdf](https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report_pp04-FINAL-4.2.pdf)

<sup>21</sup> Diana Boesch & Shilpa Phadke, Center for American Progress, When Women Lose All The Jobs: Essential Actions for a Gender-Equitable Recovery (February 2021), <https://www.americanprogress.org/issues/women/reports/2021/02/01/495209/women-lose-jobs-essential-actions-gender-equitable-recovery/>.

<sup>22</sup> Rasheed Malik, Center for American Progress, Investing in Infant and Toddler Child Care to Strengthen Working Families (Oct. 2019), <https://www.americanprogress.org/issues/early-childhood/reports/2019/10/21/475867/investing-infant-toddler-child-care-strengthen-working-families/>.

<sup>23</sup> See Vogtman, *supra*.

<sup>24</sup> Child Care Aware of America, Picking Up the Pieces: Building a Better Child Care System Post-COVID-19, (2020), <https://www.childcareaware.org/picking-up-the-pieces/#access>.



(NAEYC) reported that 56 percent of child care centers surveyed said they were losing money every day that they remained open.<sup>25</sup>

By January of 2021, the child care sector was in a freefall. The Bureau of Labor Statistics January 2021 jobs report showed that one in six child care jobs had been lost since the start of the pandemic<sup>26</sup>, and nearly half of over 6,000 providers surveyed by the National Association for the Education of Young Children in December 2020 reported that they knew of multiple centers or homes in their community that had closed permanently.<sup>27</sup>

Lawmakers took action to save the child care sector with the American Rescue Plan, which provided unprecedented stabilization funds and increases in the Child Care and Development Block Grant. That relief has helped 220,000 child care programs stay open, supporting 10 million children and their families in accessing child care.<sup>28</sup> Recent analysis by the White House Council of Economic Advisors also showed the widespread economic benefit of that investment, finding that after the ARPA child care funds were distributed, the labor force participation of mothers with children under age 6 increased by about 3 percentage points relative to labor force participation of other mothers. In further proof of the relationship between the relief funds and mother's workforce participation, this increased rate slowed at the same time as counties received their final payout funds from states.<sup>29</sup> Overall, the Council of Economic Advisors estimates that the benefit of these funds for the broader economy outweighed the cost of the investment by a factor of 2:1.<sup>30</sup>

Unfortunately, the long-term funding to create a sustainable child care system was left on the cutting room floor in the Build Back Better legislation, creating two funding cliffs. The first happened in September 2023, and the effects are already rippling throughout the economy. The second funding cliff will hit in September 2024.

***In the aftermath of the September 2023 child care funding cliff, increasing child care costs are squeezing families with young children and threatening the supply of early care and education***

Merline is already feeling the pinch of the expired pandemic relief dollars, which she notes, helped her stay open during the pandemic. However, in the wake of the September 2023 funding cliff, she is seeing teachers leaving the field to work at restaurants that pay more. While state funding has helped mitigate

<sup>25</sup> Hogan, et al., Am I Next? Sacrificing to Stay Open, Child Care Providers Face a Bleak Future Without Relief, (Dec. 2020), [https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc\\_policy\\_crisis\\_coronavirus\\_december\\_survey\\_data.pdf](https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_policy_crisis_coronavirus_december_survey_data.pdf).

<sup>26</sup> U.S. Bureau of Labor Statistics, Economic News Release (Feb. 2021), <https://www.bls.gov/news.release/empsit.nr0.htm>.

<sup>27</sup> National Association for the Education of Young Children, Am I Next? Sacrificing to Stay Open, Child Care Providers Face a Bleak Future Without Relief (Dec. 2020) [https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc\\_policy\\_crisis\\_coronavirus\\_december\\_survey\\_data.pdf](https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_policy_crisis_coronavirus_december_survey_data.pdf).

<sup>28</sup> Office of Child Care, Administration for Children and Families, COVID Investments in Child Care: Supporting Children, Families, and Providers, (May 2023), <https://www.acf.hhs.gov/ocf/infographic/covid-investments-child-care-supporting-children-families-and-providers>.

<sup>29</sup> The White House Council of Economic Advisors, American Rescue Plan's Child Care Stabilization Funds Stabilized the Industry While Helping Mothers Return to Work, (Nov. 2023), <https://www.whitehouse.gov/cea/written-materials/2023/11/07/child-care-stabilization/>.

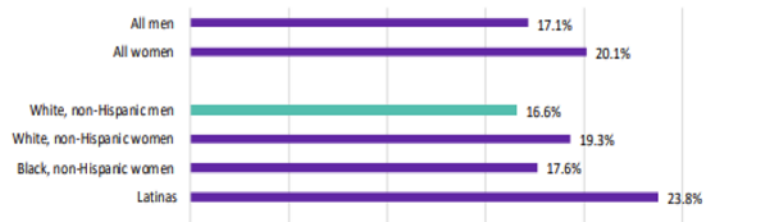
<sup>30</sup> *ibid*

some of the harshest effects of the funding cliff, the dramatic cut-off of federal funding means many parents will be forced to pull their children out of care, or hemorrhage money paying for it. Low-income children will lose access to high-quality early education, limiting their potential.

Merline's experience is just one story in millions of data points that show a sector facing increasing precarity. In November 2023, data from the RAPID/NAEYC survey show that just one month after pandemic era child care funding expired, 29 percent of families reported that their child care tuition had increased in the last month.<sup>31</sup>

These data are echoed by government surveys. Census PULSE survey data from October 18-30, 2023 revealed that one in five (20.1 percent) women reported that, at some point in the last four weeks, children in their household were unable to attend child care as a result of child care being closed, unavailable, or unaffordable, or because they were concerned about their child's safety.<sup>32</sup> These numbers were even higher for women of color.

### Share With Children Under 12 Years Old Who Reported Not Having Child Care in the Past Four Weeks by Selected Demographics (October 18 –30, 2023)



The most recent RAPID/NAEYC survey reveals a sector in crisis. In February 2024:

- Nearly half (48 percent) of providers responding to the survey indicated that they had to increase their program's tuition in the last 6 months.<sup>33</sup>

<sup>31</sup> National Association for the Education of Young Children, *Going Over the Child Care Cliff*, (Nov. 2023), [https://www.naeyc.org/sites/default/files/globally-shared/nov\\_survey\\_brief.pdf](https://www.naeyc.org/sites/default/files/globally-shared/nov_survey_brief.pdf).

<sup>32</sup> Sarah Javaid & Kathryn Domina, *Women of Color, Disabled Women, and LGBT Adults Struggle to Afford Food and Housing Costs*, (Dec. 2023), [https://nwlc.org/wp-content/uploads/2024/01/nwlc\\_PulseWeek63FS-Accessible.pdf](https://nwlc.org/wp-content/uploads/2024/01/nwlc_PulseWeek63FS-Accessible.pdf).

<sup>33</sup> Meghan Salas Atwell, Daniel Hains, Lauren Hogan, and Makayla Johnson, "We Are NOT OK"



- 46 percent of all respondents to the survey report increased levels of burnout since January 2023.
- Twice as many respondents said their economic situation had worsened (32 percent) compared to those who said it had improved (16 percent).

Among educators who were considering leaving early care and education, respondents listed higher wages as the top factor that would retain them - yet as public dollars expire, this basic request is increasingly untenable.

The impact of public funding is evident in the success of the federal pandemic relief funds, but can also be seen in the progress that states have made where they have invested their own dollars. While families and child care providers in *all states* are feeling the pinch of the expiration of federal funds, the latest RAPID/NAEYC survey shows that families and providers were better off in the states that invested their own funding. In the 11 states and DC, where additional investments have been made, respondents were less likely to report they had raised tuition in the past 6 months (35 percent compared to 45 percent), and less likely to report a growing wait list (24 percent compared to 31 percent).<sup>34</sup>

Blue and red states alike have also leveraged their own funding to make critical investments, which are showing results. Vermont recently enacted Act 76, which, when fully implemented, will invest \$125 million annually into child care, allowing the state to expand the income eligibility limit for its child care assistance program from 350 percent to 575 percent of the federal poverty level by the end of 2024. The funding will also be used to increase child care provider payment rates by 35 percent, invest in the workforce and facilities, and cover 100 percent of child care fees for families with incomes up to 175 percent of the federal poverty level<sup>35</sup>.

Kentucky not only designated \$50 million in state funds to extend ARPA child care stabilization grants, but it also was the first state to make those working in licensed or certified child care programs categorically eligible for child care assistance for their own children. Within a year of enactment, 3,200 parents employed in the child care sector, and 5,600 children, have begun to benefit from this program<sup>36</sup>.

And of course, New Mexico's constitutional amendment passed overwhelmingly via ballot initiative in 2022, guaranteeing a right to early childhood education with dedicated revenue from a percentage of the state's land grant permanent fund. Just last year, the state significantly increased funding for early care and education programs, providing \$97.8 million for child care assistance, \$109 million for the state prekindergarten program, and \$8 million for home visiting<sup>37</sup>. Merline has noted that the parents of the children in her care are finally feeling relief - like they can not begin to dig themselves out of a hole

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Early Childhood Educators and Families Face Rising Challenges as Relief Funds Expire, (Feb. 2024), [https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/feb\\_2024\\_brief\\_wearenotok\\_final\\_1.pdf](https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/feb_2024_brief_wearenotok_final_1.pdf).

<sup>34</sup> Ibid

<sup>35</sup> Kyra Weber, Shelby Brunson, and Karen Schulman, National Women's Law Center. "State Child Care and Early Education Updates 2023: Continuing Progress (2024) " National Women's Law Center, 2024: [State-Child-Care-and-Early-Education-Updates-2023-NWL.C.pdf](#)

<sup>36</sup> Ibid

<sup>37</sup> Ibid

financially. As for herself, Merline is finally able to pay herself a salary and has capacity to open up more child care slots.

#### **IV. Only sustained and significant public funding can build a system where families can find and afford care**

Reams of research have underscored the important role that early care and education play in children's development, in a family's economic security, and in our broader economic prosperity. Tens of data have shown the detrimental effects of continuing to under-invest in this critical infrastructure. And decades of experience have shown that while state-level investments are critical, states alone cannot solve the problem.

It is time to start enacting the solution. A broken market requires a third-party investor. And in the case of child care - a public good - that investor is the government.

Until we recognize this fundamental math, we will continue to force parents and early educators into impossible choices that carry short- and long-term negative consequences for our families and for the economy overall.

Congress must act now to both stabilize the sector and make sustained and robust investments to build a system of high-quality, affordable child care and early education for all. I do want to thank Congress for the \$1 billion increase for child care and Head Start in the recently passed FY 2024 appropriations bill. This is an important step forward and will help states make continued investments to sustain progress on families' access to early care and education, provider payment rates, supply-building, and more.

But in the wake of the expired ARPA funding, and with another cliff looming in September 2024, the sector needs greater support. The Biden administration has sent a supplemental request to Congress<sup>38</sup> for \$16 billion to continue to stabilize the sector, and the National Women's Law Center - along with nearly 1,000 organizations from every state<sup>39</sup> - has underscored that this funding is critical to prevent further erosion of the child care supply.

While increased funding in a supplemental is crucial, the goal is not just to return to an inequitable pre-COVID status quo. Last Congress, lawmakers came close to investing in child care and pre-kindergarten in the Build Back Better legislation, with the House passing funding that would have offered a guarantee of child care assistance to 93 percent of working families, providing subsidized care for more than 13 million children under age 6—sixteen times more children than are served under the status quo. If this legislation were enacted, the typical family in 32 states would save more than \$100 a week on child care expenses,<sup>40</sup> while mothers with young children would see pay increases that would result in a combined increase of \$24 billion in annual earnings, closing one-third of the “motherhood

<sup>38</sup> The White House, FACT SHEET: White House Calls on Congress to Support Critical Domestic Needs, (Oct. 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/25/fact-sheet-white-house-calls-on-congress-to-support-critical-domestic-needs/>.

<sup>39</sup> National Women's Law Center, Emergency Child Care Letter, (Sept. 2023), <https://nwlc.org/wp-content/uploads/2023/09/Emergency-Child-Care-Letter-4.pdf>.

<sup>40</sup> Rasheed Malik, Center for American Progress, The Build Back Better Act Would Greatly Lower Families' Child Care Costs, (September 2021), <https://www.americanprogress.org/article/build-back-better-act-greatly-lower-families-child-care-costs/>.

penalty.”<sup>41</sup> This Congress, Representative Bobby Scott and Senator Patty Murray have introduced similar legislation, “The Child Care for Working Families Act,” while Senator Elizabeth Warren and Representatives Mikie Sherrill and Sara Jacobs have introduced a bill at a similar scale called “The Child Care for Every Community Act.” While these models differ, both bills recognize child care as a public good with robust and sustained funding that ensures that families can find and afford care while early educators are fairly compensated.

For those who argue that we can't afford to make these investments, the current state of the child care system in fact demonstrates that *we can't afford not to*. The ability of women, children, families and communities to thrive depends on robust public investments in child care. And as President Biden posited in his 2024 State of the Union - and laid out in his FY25 budget - there would be more than enough public revenue to support those investments if the wealthiest individuals and big corporations paid their fair share in taxes.

#### V. Conclusion:

During the pandemic, the public finally began to understand child care as an essential public good requiring public investment, spurring greater political urgency and lawmaker interest in solutions. Voters understand the crucial role child care plays in our economy. Recent polling from the Child Care for Every Family Network<sup>42</sup> shows that overwhelming majority of Americans (84 percent) agree that “Child care is essential to our country’s workforce and economy, and we should invest in it just like infrastructure such as roads and bridges”; and 81 percent agree that “Child care is a public good, like public education and public libraries, that benefits everyone whether or not we have children.”

When we spoke to Merline earlier this week, she said she feels hope for the first time in a long time, as New Mexico increases its funding for child care and the public and policymakers pay greater attention to the urgency of federal investments. I’d like to close with Merline’s advice to her community, which should inspire us as advocates and lawmakers to keep building toward the system our families - and our economy - need and deserve. “My advice is to never give up. No matter how difficult your situation, we can always start over and use our experience to help others.”

<sup>41</sup> Juie Kashen, Jessica Milli, The Build Back Better Plan Would Reduce the Motherhood Penalty, (Oct. 2021), <https://tcf.org/content/report/build-back-better-plan-reduce-motherhood-penalty/>.

<sup>42</sup> GQR and Child Care for Every Family Network “Voters Overwhelmingly Support Universal Child Care and Fair Wages for Child Care Providers,” December 11, 2023




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## CONGRESSIONAL TESTIMONY

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### BUILDING BLOCKS FOR SUCCESS: INVESTING IN EARLY CHILDHOOD EDUCATION

**Testimony Before  
Joint Economic Committee**

United States Congress

**April 10, 2024**

**Lindsey M. Burke, Ph.D.**  
Director  
Center for Education Policy  
The Heritage Foundation

My name is Lindsey Burke. I am the Director of the Center for Education Policy at the Heritage Foundation and the Mark A. Kolokotronis Fellow in Education. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Thank you, Chairman Martin Heinrich and Vice Chairman Schweikert, for inviting me to testify today.

#### **Review of the Research on the Academic Effects of Preschool**

Proponents of expanded or universal preschool tend to appeal to just two studies to make their case: the Abecedarian Preschool Study and the Perry Preschool Project. Why do proponents continue to appeal to two studies that are 60 and nearly 70 years old, respectively? Because the results have never been replicated in other studies. The Abecedarian evaluation found an increased likelihood of attending college, lower rates of teen pregnancy, and improvements in skilled-job acquisition for the preschool attendees later in life. However, the study included just 57 children in the treatment group and suffered from severe methodological limitations, including violation of random assignment rules and program evaluation conducted by the same people who developed the program.<sup>1</sup>

Similarly, the Perry Preschool Project evaluation found participants were more likely to be employed, to out-earn control group participants, and to have completed high school. They were also less likely

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<sup>1</sup> Grover “Russ” Whitehurst, “Does Preschool Work? It Depends on How Picky You Are,” The Brookings Institution, February 26, 2014, <https://www.brookings.edu/articles/does-pre-k-work-it-depends-how-picky-you-are/>

## CONGRESSIONAL TESTIMONY

to have been arrested five or more times by age 40.<sup>2</sup> As a result, Perry researchers claim a \$7.16 return on investment for every dollar spent on the program.<sup>3</sup> Yet as with Abecedarian, Perry suffers from limitations preventing the findings from being replicated in large-scale preschool programs. Just 58 “at-risk” children were in the experiment group. Their mothers stayed home, received weekly home visits, and worked with the teachers in group settings. The Brookings Institution’s Russ Whitehurst writes that Perry’s findings “demonstrate the likely return on investment of widely deployed state pre-K programs for four-year-olds in the 21<sup>st</sup> century to about the same degree that the svelte TV spokesperson providing a testimonial for Weight Watchers demonstrates the expected impact of joining a diet plan.”<sup>4</sup>

Moreover, these two programs suffer from external validity shortcomings, making their impacts difficult to reproduce and meaning they look very different from current large-scale early education programs.

*Impact of Modern-Day Preschool Programs.* What has the impact of current, ongoing preschool programs been in the modern era? The federal Head Start program, which launched in the summer of 1965 and embodied the preschool component of Lyndon Johnson’s War on Poverty, continues today. Proponents of the program in 1965 were clear that Head Start’s “sole purpose is to prepare [children] for elementary school.”<sup>5</sup> As David Armor and Sonia Sousa explain, Head Start experienced “a decade of rapid growth” beginning in 1990, with enrollment doubling to more than 900,000 children. The rate of spending on Head Start exceeded enrollment growth and had tripled to nearly \$7 billion annually by 2000, with per-capita spending exceeding \$8,000 per child (up from \$5,000 per child in real terms throughout the 1970s and 1980s).<sup>6</sup> Head Start spending crossed the \$9 billion mark in 2014 (exceeding \$9,000 per child per year). Today, annual Head Start appropriations total \$12.2 billion equating to more than \$12,000 per child.<sup>7</sup>

Unfortunately, this Great Society relic has been failing children for decades. On a quiet Friday before Christmas in 2012, when most of the federal government and its employees had left Washington, the Department of Health and Human Services – which administers Head Start – finally released a highly anticipated – and four years overdue – scientifically rigorous evaluation of the program. As the Heritage Foundation’s Jay Greene commented at the time, HHS “might as well [have] put the results on display in a locked filing cabinet in a disused lavatory behind the sign that says ‘beware of the leopard’.”<sup>8</sup>

<sup>2</sup> Lawrence J. Schweinhart, The High/Scope Perry Preschool Study through Age 40, at <https://highscope.org/wp-content/uploads/2018/11/perry-preschool-summary-40.pdf>

<sup>3</sup> Lawrence J. Schweinhart, “Benefits, Costs, and Explanation of the High/Scope Perry Preschool Program,” paper presented at the 2003 Biennial Meeting of the Society for Research in Child Development, April 2003, <https://eric.ed.gov/?id=ED475597>

<sup>4</sup> Grover “Russ” Whitehurst, “Does Preschool Work? It Depends on How Picky You Are,” The Brookings Institution, February 26, 2014, <https://www.brookings.edu/articles/does-pre-k-work-it-depends-how-picky-you-are/>

<sup>5</sup> “Aims of Program Stressed, Parents Key to Success of ‘Headstart,’” New Journal Guide, June 26, 1965, <https://search.proquest.com/docview/568866113?accountid=12084>

<sup>6</sup> David J. Armor and Sonia Sousa, The Dubious Promise of Universal Preschool. *National Affairs*, Number 39, Winter 2014, at <https://www.nationalaffairs.com/publications/detail/the-dubious-promise-of-universal-preschool>

<sup>7</sup> NHSA’s Response to FY 2024 Appropriations Bill, National Head Start Association, March 25, 2024, at [https://nhsa.org/press\\_release/nhas-response-to-fy-2024-appropriations-bill/](https://nhsa.org/press_release/nhas-response-to-fy-2024-appropriations-bill/)

<sup>8</sup> Lindsey Burke, HHS Dusts Off Head Start Evaluation, Finally Publishes Results, The Daily Signal, December 21, 2012, at <https://www.dailysignal.com/2012/12/21/hhs-dusts-off-head-start-evaluation-finally-publishes-results/>



The rigorous evaluation, which tracked 5,000 three- and four-year-old children through the end of third grade, found that Head Start had little to no impact on the parenting practices of parents, or the cognitive, social-emotional, and health outcomes of participants. Not only were the effects of Head Start on children's language and literacy development modest while enrolled in the program, but any gains "rapidly dissipated in elementary school," according to the study's authors.<sup>9</sup> As the evaluation's authors conclude:

"In summary, there were initial positive impacts from having access to Head Start, but by the end of 3rd grade there were very few impacts found for either cohort in any of the four domains of cognitive, social-emotional, health and parenting practices. The few impacts that were found did not show a clear pattern of favorable or unfavorable impacts for children."<sup>10</sup>

Head Start is the closest approximation of what could be expected from a large-scale universal preschool program.

What about at the state level? Tennessee's Voluntary Pre-K Program is considered the "gold standard" of state-funded preschool programs. It has prescribed academic standards, licensed teachers, structured curriculum, and capped adult-child ratios. Here again, a randomized controlled trial evaluation conducted by scholars at Vanderbilt University revealed that children experienced no sustained academic benefits; that any benefits had faded by third grade. Notably, as the study's authors explain, the control and experiment groups "began to diverge with the TN-VPK children scoring lower than the control children on most of the measures. The differences were significant on both achievement composite measures and on the math subtests."<sup>11</sup>

As U.C. Berkeley professor David L. Kirp wrote of the findings in the *New York Times*, "Pre-K was generally thought to be better than Head Start, but that doesn't seem to be the case in Tennessee."<sup>12</sup> Again, Tennessee's is considered a model program. These findings are consistent in the preschool literature: although participants may experience some academic benefits upon program entry, those benefits fade by first grade and evaporate by third grade.

### **From Fade Out to Crowd Out**

Rigorous evaluations of the academic effects of preschool fail to demonstrate sustained benefits for children. Compounding that shortcoming is a cautionary tale from Canada where, in 1997, the province of Quebec introduced low-cost (and eventually "free") day care for children through age four. The net effect? Privately funded childcare arrangements all but disappeared, having been squeezed out

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<sup>9</sup> Michael Puma, Stephen Bell, Ronna Cook, Camilla Heid, Pam Broene, Frank Jenkins, Andrew Mashburn, and Jason Downer, Third Grade Follow-up to the Head Start Impact Study, Final Report, OPRE Report 2012-45, Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, October 2012, at [https://www.acf.hhs.gov/sites/default/files/opre/head\\_start\\_report.pdf](https://www.acf.hhs.gov/sites/default/files/opre/head_start_report.pdf)

<sup>10</sup> *Ibid.*

<sup>11</sup> Mark W. Lipsey, Dale C. Farran, and Kerry G. Hofer, "A Randomized Control Trial of a Statewide Voluntary Prekindergarten Program on Children's Skills and Behaviors Through Third Grade," Vanderbilt University, September 2015, at <https://files.eric.ed.gov/fulltext/ED566664.pdf>

<sup>12</sup> David L. Kirp, "Does Pre-K Make Any Difference?" *The New York Times*, October 3, 2015, [http://www.nytimes.com/2015/10/04/opinion/sunday/does-pre-k-make-any-difference.html?\\_r=1](http://www.nytimes.com/2015/10/04/opinion/sunday/does-pre-k-make-any-difference.html?_r=1)

of the market by the heavily subsidized program, and participation worsened children's "soft skills" as seen in later life outcomes. Participants' health and life satisfaction outcomes were worse and they were more likely to commit a crime than non-participants.<sup>13</sup> The negative outcomes could reflect children receiving worse care than they would have received from a family member if day care had not been so heavily subsidized or they may have gotten better care if they had attended a less-over-regulated, non-subsidized program.<sup>14</sup>

Subsidized universal early childhood education and care introduces a large distortion into the market that must ultimately be funded by higher taxes on families. Although this is evident, it is also true that some working families need to take advantage of the custodial care that early childhood education and care provides.

#### **The Custodial Care Question is Separate from the Question of the Academic Efficacy of Universal Preschool**

What is the best way to provide the greatest number of early education and care options for families, who have a variety of preferences for childcare when their children are very young?

More than half (56%) of women with children would prefer to stay at home and care for their family, according to a 2015 Gallup survey.<sup>15</sup> A plurality of Americans (44%) say it is ideal for one parent to stay at home when their children are young and another 36% say one parent should stay home at least part time, according to a 2017 survey by the Pew Research Center.<sup>16</sup> Pew also found in a prior survey that among women with children under the age of 18, a full 67 percent would prefer just part time work or full-time homemaking. Among married mothers, that rises to 76 percent. Just 23 percent of married mothers list working full time as their ideal scenario.<sup>17</sup> However, some families need or want to use paid childcare. Even then, full-time center-based care comes in last among families' preferred arrangements, with just 11 percent of working mothers saying the use of center-based care was best for young children.<sup>18</sup>

Yet, the push for universal preschool and daycare taxes those same mothers to pay for an arrangement counter to their preferences, reducing the amount of money they have to spend on their own children. As labor economist Rachel Greszler and I recently wrote, "The data suggest that uniform early childhood education and childcare policies may not capture the wide range of

<sup>13</sup> Michael Baker, Jonathan Gruber, and Kevin Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," National Bureau of Economic Research *Working Paper* No. 11832, December 2005, <http://www.nber.org/papers/w11832.pdf>

<sup>14</sup> Lindsey M. Burke and Salim Furth, Research Review: Universal Preschool May Do More Harm than Good, *The Heritage Foundation*, May 11, 2016, at [https://www.heritage.org/education/report/research-review-universal-preschool-may-do-more-harm-good#\\_ftn16](https://www.heritage.org/education/report/research-review-universal-preschool-may-do-more-harm-good#_ftn16)

<sup>15</sup> Lydia Saad, "Children a Key Factor in Women's Desire to Work Outside the Home," October 7, 2015, at <https://news.gallup.com/poll/186050/children-key-factor-women-desire-work-outside-home.aspx>

<sup>16</sup> Juliana Menasce Horowitz, Kim Parker, Nikki Graf, and Gretchen Livingston, Gender and caregiving, Pew Research Center, March 23, 2017, at <https://www.pewresearch.org/social-trends/2017/03/23/gender-and-caregiving/>

<sup>17</sup> Wendy Wang, "Mothers and Work: What's 'Ideal'?" Pew Research Center, August 19, 2013,

<https://www.pewresearch.org/fact-tank/2013/08/19/mothers-and-work-whats-ideal/>

<sup>18</sup> Brad Wilcox and Jenet Erickson, When Helping Families with Young Children, Don't Leave Out Stay-at-Home Parents, *Institute for Family Studies*, May 2, 2022, at <https://ifstudies.org/blog/when-helping-families-with-young-children-dont-leave-out-stay-at-home-parents>

CONGRESSIONAL TESTIMONY

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preferences of mothers, and that policies should avoid creating disincentives for mothers to care for their own children.”<sup>19</sup>

### Recommendations

There is nothing more important for the future of America than strong families. How can policymakers support families in accessing the types of early education and care they want without preferencing one form of care over another? In addition to letting families keep more of their own money, Congress should build off the 2017 Tax Cuts and Jobs Act and further expand 529 savings accounts to cover preschool and childcare expenses, allow eligible families to take Head Start dollars to private providers of choice, and remove unnecessary regulations that prevent an affordable early education market from thriving in D.C., something state legislatures should mimic in their respective state markets.

*Regulatory relief.* As we sit here in the Nation’s Capital, we are in one of the most expensive childcare markets in the country. The *average* cost for infant care in D.C. exceeds \$24,000 per year. Why? Among other regulations, the District requires one teacher for every two children younger than two and astoundingly, requires a bachelor’s degree for most center-based childcare workers. Not only does this type of overregulation make care more expensive, but it also drives smaller providers out of the market. As Rachel Greszler has documented, between 2005 and 2017, the number of small family childcare providers fell by half.

*Reforming existing programs.* As long as the federal Head Start Program exists, Congress should update it to function more like the Child Care Development Block Grant, wherein eligible families are provided vouchers to pay for tuition at a childcare arrangement of their choice, including family-run centers, relative care, and faith-based providers.<sup>20</sup> Unlike the CCDF, the federal Head Start program, which has been ineffective and mired in fraud,<sup>21</sup> funds public Head Start centers directly, providing few options for enrolled children. Per-child spending on Head Start also exceeds the average cost of childcare in 37 states even while offering fewer hours of care than state-based programs.<sup>22</sup> Allowing parents to take their child’s share of Head Start funding to a preschool provider of their choice could help to better match providers with families and increase the hours of care that children can receive.

*Expanding 529s.* Finally, Congress should build-off the successful expansion to 529 college savings plans achieved through the 2017 Tax Cuts and Jobs Act that allowed families to also use their accounts to pay for K-12 expenses. That reform should continue to include pre-k and childcare expenses.

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<sup>19</sup> Rachel Greszler and Lindsey Burke, Rethinking Early Childhood Education and Childcare in the COVID-19 Era, *The Heritage Foundation*, September 30, 2020, at <https://www.heritage.org/education/report/rethinking-early-childhood-education-and-childcare-the-covid-19-era>

<sup>20</sup> Office of Child Care, “OCC Fact Sheet,” Office of the Administration for Children and Families, U.S. Department of Health and Human Services, June 29, 2020, <https://www.acf.hhs.gov/occ/fact-sheet-occ>

<sup>21</sup> Jonathan Butcher and Jude Schwalbach, “Head Start’s Contagion of Fraud and Abuse,” *Heritage Foundation* Backgrounder No. 3467, February 28, 2020, <https://www.heritage.org/education/report/head-starts-contagion-fraud-and-abuse>

<sup>22</sup> Dan Lips, “Improving the Value of Head Start for Working Parents,” *Foundation for Research on Equal Opportunity*, December 23, 2019, <https://freopp.org/improving-the-value-of-head-start-for-working-parents-739472566ec1>



CONGRESSIONAL TESTIMONY

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The push for universal preschool and care implicitly says that families are not sufficient. Moreover, as with the Biden Administration's ill-advised student loan bailout scheme, subsidized childcare shifts the burden of paying for care from those of use it to all Americans, even while it is largely at odds with their preferences for care.

Thank you.

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**Statement**

**of**

**Colleen Hroncich**

**Policy Analyst**

**Cato Institute**

**Center for Educational Freedom**

**before the**

**Joint Economic Committee**

**United States Congress**

**April 10, 2023**

**RE: Investing in Early Childhood Education**

Chairman Heinrich, Vice Chair Schweikert, and Members of the Committee:

Thank you for inviting me to testify today. My name is Colleen Hroncich. I am a policy analyst at the Cato Institute's Center for Educational Freedom. The views I express in this testimony are my own and should not be construed as representing any official position of the Cato Institute.

I will make three main points:

**First**, the rhetoric does not match reality when it comes to studies about the effect of early childhood education.

**Second**, one size does not fit all. Preschoolers and their parents are too diverse for a federal government program to make sense.

**Third**, the Department of Education's disastrous rollout of the revised Free Application for Federal Student Aid—better known as FAFSA—shows why the federal government should stay away from early childhood education.

#### **Rhetoric vs Reality.**

Every few years, there's a push in Washington, DC for universal or nearly universal preschool. Proponents claim a whole host of benefits, from improved reading ability to fewer dropouts and teen pregnancies to increased future income.

In 2021, President Biden touted such vast benefits from his universal preschool plan that the Annenberg Public Policy Center's FactCheck.org took him to task, noting, "There is plenty of research on specific targeted programs, but there isn't much on universal programs. And the research that does exist, in many cases, is more nuanced and less optimistic than Biden suggests."

There's no consistent evidence that large-scale preschool programs are beneficial; and there's evidence they can even be harmful. In January 2022, researchers from Vanderbilt University released a randomized study of Tennessee's Voluntary Pre-K initiative that found that children who participated in the program experienced "significantly negative effects" compared with the children who did not. Harms included worse academic performance and higher likelihood to have discipline issues and be referred for special education services. The results were so shocking that the researchers had to "go back and do robustness checks every which way from Sunday," according to Dale Farran, one of the lead researchers.<sup>i</sup> "At least for poor children, it turns out that something is not better than nothing," she said.<sup>ii</sup>

Importantly, this program has been deemed "high quality," being one of few programs to meet at least 9 of the National Institute for Early Education Research's 10 quality standards benchmarks.<sup>iii</sup> Like similar programs in Boston and Tulsa, teachers must be licensed, are paid at parity with elementary teachers, and receive retirement and health benefits. Classes have a staff member-child ratio of 1 to 10 or better. And instruction is offered for a minimum of 5.5 hours per day, five days a week.

There are several possible reasons for this, but one prominent one seems to be that preschoolers learn best when they have freedom to play independently. Large-scale programs, however, tend toward whole-group instruction, rigid behavioral rules, and too little time outside and in free play.

#### **One size does not fit all.**

The wants and needs of preschoolers and their parents are too diverse for a federal government program to make sense. I have four children, and I saw first-hand that different kids have different needs. My oldest daughter was very shy, so my main goal with preschool was to get her comfortable with teachers and other children. I chose a preschool that emphasized play and had a warm, nurturing environment. My second born was not shy, and he was always trying to keep up with his big sister. He was doing 1<sup>st</sup> grade math and reading small chapter books when he was 4. For him, the challenge of a more academic-

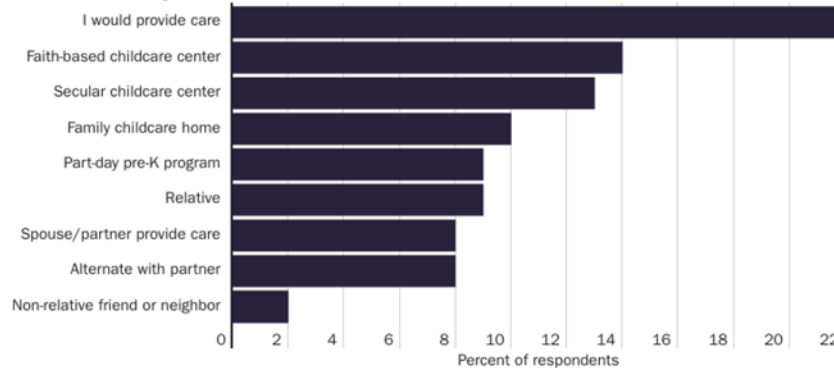
based preschool made sense.

If my own family had diverse needs, it's not surprising that a December 2020 poll by the Bipartisan Policy Center found parents have a wide variety of preferences when it comes to childcare, including preschool.<sup>iv</sup> As shown in Figure 1, only 13 percent of parents surveyed chose secular center-based care. About 14 percent preferred a faith-based childcare center. About 10 percent preferred home-based childcare, and another 9 percent preferred a part-time pre-K program. A federal program would likely have mandates attached to it that would make it very hard for religious and home-based providers to participate. Minimum hour requirements would prevent part-time programs from participating.

Interestingly, 49 percent of parents in the survey said that they would prefer having some combination of themselves, a spouse/partner, a relative, or a friend care for their children. These families would lose out under a federal plan because they would be paying their own way while also subsidizing other parents' childcare arrangements.

Figure 1

**Ideal childcare arrangement**



Question: Thinking back to January 2020, if all types of arrangements were equally priced and equally accessible to your family, what would have been your ideal childcare arrangement for your youngest child?

Source: "Parent Child Care Preferences: Are They Changing?," Bipartisan Policy Center, January 22, 2021, p. 32, <https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/01/January-2021-Parent-Survey-Webinar-Final-Slides.pdf>.

As you've probably seen, the nation is undergoing a transformation in K-12 education, with more and more states taking a student-centered approach instead of the one-size-fits-all model. It would be a terrible irony if preschool education went in the other direction—towards a more institutionalized system—right as K-12 education is being liberalized.

**The FAFSA debacle should put talk of a federal preschool program to bed.**

My youngest daughter is heading to Catholic University of America here in DC for nursing school in the fall. At least, we think she is. We still haven't heard what our total cost of attendance will be because the federal government has taken a massive role when it comes to college finances. Now most schools use the Free Application for Federal Student Aid—better known as FAFSA—even for private awards. And the Department of Education's attempt to revise the FAFSA program has been an unmitigated disaster and caused significant delays in the process. This is putting the squeeze on colleges, students, and families—especially lower income families.

There's a saying, the bigger you are, the harder you fall. When the federal government gets involved, any failures or problems will have widespread impacts. I'm not sure how anyone witnessing the FAFSA mess would think, "let's get the federal government more involved in early childhood education."

#### **The Bottom Line**

America is too large and diverse for a federal preschool program to make sense. Indeed, the inability to effectively serve specific communities in a sprawling, diverse nation is one reason that the Constitution gives Congress no authority over education at all.

While sound bites and slogans about large-scale preschool may make the idea seem attractive, it is important to look closer and recognize the harms that a federal preschool plan would have on families and providers.

Families have a variety of preferences and needs when it comes to early childhood education. Many families prefer having a parent stay home when their children are young. When a parent is not home with the children, families often prefer home-based, religiously affiliated, or relative care. The rules and restrictions that would be part of a federal preschool program would likely force many preferred models out of business.

We have tried the bureaucratic, top-down approach in K–12 education, and parents are clamoring for more options. There is no reason to expect more mandates and fewer options under a federal preschool program would improve opportunities for children.

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i Nicole Goodkind, "Democrats have wanted to spend billions on pre-K for years. But a new study reveals possible flaws with those programs," *Fortune* (reprinted in Yahoo!), Jan. 29, 2022, <https://sports.yahoo.com/democrats-wanted-spend-billions-pre-130000938.html>.

ii Jackie Mader, "A state-funded pre-K program led to 'significantly negative effects' for kids in Tennessee," *The Hechinger Report*, Jan. 24, 2022, <https://hechingerreport.org/a-state-funded-pre-k-program-led-to-significantly-negative-effects-for-kids-in-tennessee/>.

iii Allison Friedman-Krauss, et al, *State of Preschool 2022 Yearbook*, National Institute for Early Education Research, [https://nieer.org/sites/default/files/2023-09/yb2022\\_fullreport.pdf](https://nieer.org/sites/default/files/2023-09/yb2022_fullreport.pdf).

iv. "Parent Child Care Preferences: Are They Changing?," Bipartisan Policy Center, January 22, 2021, p. 32, <https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/01/January-2021-Parent-Survey-Webinar.FinalSlides.pdf>.

**Response to Senator Amy Klobuchar**

Questions for Ms. Melissa Boteach, Vice President for Income Security and Child Care/Early Learning, National Women's Law Center

1. People are often in the position where there is simply no child care option available, especially for infants, during nontraditional hours, and in rural areas. To help address this issue, my legislation with Senator Sullivan, the *Child Care Workforce and Facilities Act* (S.268), would provide grants to train child care workers and build and renovate child care facilities in “child care deserts.”

- **When a child care provider is unable to recruit or retain sufficient workers for their business, what are the effects on children, families, child care providers, and our economy as a whole?**

*Child care is foundational for children's healthy growth and development:* Developmental disparities take root well before children are 5 years old, and families' economic instability and stress are associated with negative outcomes in terms of health and educational achievement. Luckily, the inverse is also true. When we invest in children starting at birth, it yields long-term positive outcomes for their health, education, and employment. Since children under 5 years old are the most diverse generation in American history, investing in high-quality, affordable child care and early learning also advances racial equity. Quality child care programs have been associated with positive health benefits, including higher immunization rates, higher screening and identification rates, and improved mental health.

*Child care supports our entire economy:* The child care challenges of a parent now translates into productivity challenges for their employer, amounting to an estimated \$23 billion aggregate loss each year. More broadly, the United States is losing an estimated \$122 billion each year in lost earnings, economic productivity, and foregone revenue due to the lack of affordable, high-quality child care.

*Child care is critical for family economic security:* Research by the Center on Poverty and Social Policy at Columbia University and National Women's Law Center found that an investment in affordable child care for everyone who needs it would increase the number of women with young children working full-time/full-year by about 17 percent, and by 31 percent for women without a college degree. That increase in labor force participation would translate into higher wages for women and greater security for the families who depend on them. With access to affordable care, a woman with two children would see her lifetime earnings increase by about \$94,000, leading to an increase of about \$20,000 in private savings (contributions plus growth) and an additional \$10,000 in Social Security benefits.

*Child care providers are the backbone of our economy:* Yet, child care providers ,93 percent of whom are women—disproportionately immigrant women and women of color, —earn poverty wages for doing essential work that allows our economy to function and our communities to thrive. Prior

to the pandemic, 16 percent of child care workers lived in poverty—twice the rate for workers overall, with many struggling to afford care for their own children. Unfortunately, low retention in the child care workforce does not equate to higher salaries for those who stay, or provide more opportunities for child care programs to open. Instead, child care programs have long waitlists and under-enrollment, closures, and there is a staffing shortage. A National Association for the Education of Young Children (NAEYC) survey from January 2024 found that due to staff shortages, there was under-enrollment. One provider in West Virginia said she had a “waitlist over 400 kids long and yet I have classrooms I can’t open due to not being able to hire staff.”

- **What are the most important steps we can take to reduce turnover and support the child care workforce?**

Inadequate and inequitable compensation, benefits and lack of support are key drivers in high workforce turnover. These issues impact educators, children, families, businesses, and the economy. The low wages force educators to leave the field, keeps potential educators from entering the field, undermines the quality of early learning programs, and creates a workforce shortage which limits the supply of child care that families and businesses desperately need.

In addition to providing adequate and equitable compensation for all types of providers, ensuring educators working in all states and all settings have access to a comprehensive set of benefits is imperative to supporting and growing the child care workforce. This means there must be increased access to health insurance, access to retirement savings, reduction to educators’ high education costs, and reduced educators’ child care costs. In recent years, and with the support of the federal child care relief funding, some states have taken several innovative and effective efforts to address each of these challenges, but absent continued funding, these gains are at risk. Nonetheless, these states offer good examples of effective initiatives in reducing turnover and providing support in the child care workforce.

- **How do challenges with finding and maintaining facilities affect the child care market?**

As communities face gaps in child care supply, families struggle to both find and afford child care. Many child development facilities operate from physical environments that need modernization and improvement. However, child care providers are operating in a broken system, and often providers are unable to prioritize the facility-related repairs, upgrades, renovations, and maintenance that keeps children safe. Without developmentally appropriate, safe, and high quality settings families find are often left in licensed child care “deserts.”

Despite recent investments, resources for improvement and expansion of child care facilities remain scarce, thwarting supply-building and quality improvement. Declining enrollment in licensed child care programs post-pandemic and typical challenges to the child care business model hold even the highest quality programs back from expanding or improving their facilities, and although facilities grants have fueled some infrastructure projects for some facilities, demand for these resources far exceeds public appropriations to date.

- **How might investments in facilities help to increase the supply or quality of child care?**

The environments in which young children learn, play, and grow directly shape their development, especially during their earliest years. Access to safe, high quality, and developmentally appropriate settings and equipment—including child-sized fixtures, appropriate acoustics and lighting, and

dedicated spaces for play and engagement with others—helps promote children’s healthy behaviors and independence. Making investments that help providers exceed the basic health and safety requirements will result in strong outcomes for children and increase the quality of care.

2. Economists at the Federal Reserve Bank of Minneapolis have published studies showing a strong return on investment for early childhood development programs, and they have recommended increased public investment.

- **Can you speak to the effects that quality child care has on children in terms of academic achievement and employment later in life?**

Child care is foundational for children’s healthy growth and development. Developmental disparities take root well before children are 5 years old, and families’ economic instability and stress are associated with negative outcomes in terms of health and educational achievement. Luckily, the inverse is also true. When we invest in children starting at birth, it yields long-term positive outcomes for their health, education, and employment. Since children under 5 years old are the most diverse generation in American history, investing in high-quality, affordable child care and early learning also advances racial equity. Quality child care programs have been associated with positive health benefits, including higher immunization rates, higher screening and identification rates, and improved mental health.



## Joint Economic Committee

## “Building Blocks for Success: Investing in Early Childhood Education”

April 10th, 2024

## Questions for the Record for Ms. Boteach

## Senator Welch:

1. Child care is one of the highest costs for households. In Vermont, parents spend about \$26,000 a year, on average, on child care. The high costs of child care often force one parent to stay home to care for the children despite their desire to participate in the workforce. Even with these high costs, child care centers are often struggling small businesses that must operate with very tight margins. **How long have child care sector workers been underpaid? Besides large corporate providers, has the market ever provided a solution that would ease the cost of child care for families?**

As Treasury Secretary Janet Yellen has underscored, “Child care is the textbook example of a broken market.” Parents struggle to afford it, while early educators make poverty wages - with half turning to some form of public assistance to make ends meet. The devaluing of care work is no accident but rather rooted in a racist and sexist history of undervaluing the care work done predominantly by Black women, Indigenous women, and other women of color. Since the time of slavery, Black women have been expected to care for the children of white families for little or no pay. As the New Deal created new protections for workers, domestic and care workers were intentionally excluded. And in the lead-up to the pandemic, through cuts to discretionary spending and budget caps, lawmakers allowed investment in the Child Care and Development Block Grant, our nation’s primary policy for investing in child care, to erode, leaving fewer and fewer eligible families with access to child care assistance.

The market cannot provide a solution to child care absent sustained and robust public funding that meets the true cost of care. We know public investment works. In the times when the government has invested in child care, it has made a dramatic difference to families, to providers, and to the economy overall.

The investment of ARPA funds to stabilize the child care sector provided an example of a solution that eased the cost of child care, supported early educators, and kept providers open. However, the temporary pandemic-era funds are not sufficient to counteract historic underinvestment in the child care sector. The challenges faced by families who need child care and by child care providers are not temporary—they are ongoing. In order to ensure child care is affordable for every family and that early educators are supported and compensated fairly, we need a long-term solution in the form of robust and sustained federal investments. Sustained federal investment in a mixed-delivery system will reduce costs for families and providers, and expand parents’ options by increasing the availability and affordability of care.

2. **There have been growing reports regarding private equity firms purchasing child care centers, including in Vermont. What are the biggest risks of private equity investment in child**

**care centers, and what should Congress be monitoring as it examines this trend? How should the federal government and state governments consider structuring child care investments to mitigate these risks?**

The U.S. child care industry and policy system should be designed to prioritize five goals: (1) universal access to care; (2) universally affordable care; (3) thriving caregivers; (4) high-quality care; and (5) diverse choice of providers for families.

Because the purpose of private equity firms is to invest money in ways that maximize returns, and because they have more structural incentives to prioritize short-term profits than any other form of corporate ownership or investment, they engage in a range of profit-maximizing tactics that threaten all five of these pillars. Left unchecked, private-equity backed providers will likely prioritize growth through acquisitions rather than meaningfully increasing the supply of child care, while passing on costs to families and taxpayers by raising tuition and fees. They will likely also cut down on their operating costs by depressing both worker well-being and service quality, and through their use of consolidation tactics and uncompetitive market practices, they will reduce the diversity of private providers operating across the industry.

By building in proper guardrails to protect against profit-maximizing behaviors from for-profit corporations that seek to exploit public funding at the expense of children, families, and stakeholders, policymakers can create a system that is designed to advance these five vision goals:

First, the federal government should raise minimum standards for industry-wide business behavior so that everyone who participates is required to operate in ways that align with the child care vision. This should include raising quality and labor standards and increasing mandatory disclosure requirements about such metrics as businesses' ultimate owners, investors, and debt levels. It should also include providing funding and technical support to help small providers come into compliance with new operating standards. A federal system also needs strong enforcement systems, including inspection systems and the ability to introduce financial penalties or to suspend the licensing of providers who harm children, workers, or the stability of the broader industries.

Additionally, policymakers should develop a funding strategy that prevents providers from collecting public money while cutting their costs or otherwise behaving in ways that undermine child care vision priorities. This should include setting payment rates that cover the true cost of quality care, defining expectations of funding recipients, offering higher payment rates to programs who advance the child care vision through actions such as paying workers higher wages, requiring disclosures from all funding recipients, and restricting or prohibiting behaviors that contradict the five vision priorities.

Furthermore, policymakers must build and protect fair and competitive markets, preventing private-equity backed providers from accumulating excessive market power relative to their smaller or nonprofit competitors. This can be done through supporting alternative buyers of small businesses and through providing technical and financial support to small businesses, ensuring that they can access financing, benefit from economies of scale, and/or exit the market, without having to sell to a private equity-backed chain.

Congress should also take note of the experiences of other industries, such as aging and disability care, hospice care, and physicians' practices, that have seen significant investment from private equity firms. There, private equity-owned businesses are more likely to push down the quality of services they provide, the wellbeing of clients and workers, and the competitive health of local markets (Appelbaum and Batt 2020; Appelbaum, Batt, and Curchin 2023; Ballou 2023; Batt, Appelbaum, and Nguyen 2023; Gupta et al. 2021).

Policymakers must structure market incentives and rules in ways that contribute to, rather than detract from, the bold vision of a child care system that is universally affordable and accessible with thriving providers of high quality care in a diverse array of child care settings.

For more information, and a detailed set of policy recommendations to mitigate the risks of private equity and advance child care as a public good see the new report from National Women's Law Center and Open Markets Institute, "[Children Before Profits: Constraining Private Equity Profiteering to Advance Child Care as a Public Good](#)". [Click here for an executive summary](#), find a [two-pager summarizing the report here](#), and watch the release event [here](#).

**3. The American Rescue Plan Act (ARPA) provided \$24 billion that ultimately supported more than 200,000 child care providers. However, these subsidies are starting to expire, which in turn is having immediate effects on the costs of child care. What lessons should Congress take from the coronavirus pandemic to better support parents and early child care centers?**

To stabilize the child care sector during the pandemic, the American Rescue Plan Act (ARPA), passed by Congress and signed into law by President Biden in March 2021, included \$24 billion in child care stabilization grants and \$15 billion in supplemental child care discretionary funds to states. The ARPA child care stabilization funds provided critical support to child care programs, early educators, and families with young children. However, the \$24 billion Child Care Stabilization funds expired on September 30, 2023, removing an essential support from early educators and families with young children.

Recent analysis by the White House Council of Economic Advisors showed the widespread economic benefit of that investment, finding that after the ARPA child care funds were distributed, the labor force participation of mothers with children under age 6 increased by about 3 percentage points relative to labor force participation of other mothers. In further proof of the relationship between the relief funds and mother's workforce participation, this increased rate slowed at the same time as counties received their final payout funds from states.

Along with the increases in labor force participation for mothers of young children, the federal investments through ARPA resulted in increases in wages and employment for child care workers. However, as funds have expired, providers have been faced with the difficult decision of rescinding salary increases and bonuses allocated to early educators through ARPA funds, or increase costs to families to offset the lost federal funds.

While state funding has helped mitigate some of the harshest effects of the funding cliff, the dramatic cut-off of federal funding means many parents will be forced to pull their children out of care, or hemorrhage money paying for it. Low-income children will lose access to high-quality early

education, limiting their potential. Waitlists and copays will increase, or restart in states that have been able to eliminate them entirely through the use of ARPA funds.

Overall, the Council of Economic Advisors estimates that the benefit of these funds for the broader economy outweighed the cost of the investment by a factor of 2:1. An increase in federal investments led to reduced costs for families, direct support to providers to keep their doors open, and provided funds to allocate salary increases and additional support for early educators. The positive effects of the ARPA funds in the child care sector points to the urgent need for long-term funding to create a sustainable child care system.

