Written Testimony of

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Chairman Kiley, Ranking Member Bonamici, and other distinguished members of the Subcommittee on Early Childhood, Elementary, and Secondary Education, thank you for the opportunity to testify.

My name is Amy Matsui, and I am the Vice President for Child Care and Income Security at the National Women's Law Center (NWLC).

For more than 50 years, NWLC has fought for gender justice—in the courts, public policy, and our society—working across issues central to women's and girls' lives. 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.

My testimony today will provide an overview of the child care crisis, describe how current investments and policies are inadequate to meaningfully address this crisis, and discuss the robust public investments and federal child care policy solutions needed to support families, early educators, and employers, and strengthen economic growth.

American families have been experiencing a child care crisis for many decades, but it is worsening.

I want to begin by thanking the members of the Committee on Education and Workforce for their attention to the care economy more broadly, including not only child care, but also elder and disability care and paid leave, even as my testimony before this Subcommittee will particularly focus on child care and its critical role in supporting families, creating good jobs, spurring sustainable economic growth, and advancing racial and gender justice.

NWLC is proud to endorse Committee Ranking Member Bobby Scott's *Child Care for Working Families Act*, which would help ensure families can find and afford the child care they need, dramatically expand access to high-quality preschool programs, and boost wages for early educators.

Legislation like the *Child Care for Working Families Act* is desperately needed to address long-term structural flaws and deep inequities in our child care system, in which families pay unaffordable sums and early educators are paid poverty-level wages, and yet too many communities across the country lack sufficient workforce or facilities to meet the overwhelming demand for child care. As former Secretary of the Treasury Janet Yellen put it, child care is "a textbook example of a broken market," in which families cannot access or afford care, providers can barely make ends meet, and workers are not paid enough to support themselves and their families.

The United States does not have a comprehensive child care and early education system. Compared with most Organisation for Economic Co-operation and Development (OECD) nations, the United States makes minimal investments in early childhood care,[1] leaving families to fend for themselves. The lack of public care investments means that families have to contend with a profoundly inadequate child care supply and unaffordable prices, while early educators—

[1] *CED Policy Brief: Public Investment in Childcare and Early Education Policies: Europe vs. United States,* CONF. BOARD (Nov. 11, 2020), https://www.conference-board.org/pdfdownload.cfm?masterProductID=49203.

overwhelmingly women, and disproportionately women of color and immigrants—receive inadequate pay for essential care work.[2]

Families—particularly in rural areas—struggle with a lack of care options, with more than half of people in the U.S. residing in a neighborhood with an insufficient supply of licensed child care.[3] Growing at a rate that typically outpaces overall inflation,[4] the cost of child care has long squeezed families with young children financially and pushed mothers out of the labor force. The price of child care exceeds in-state tuition at a public four-year university in many states and is one of the biggest expenses families with young children face.[5] A family would need to make over $180,000 per year to reasonably afford the national cost of infant care.[6] Yet, despite significant and widespread need, only 15 percent of the children who qualify under federal Child Care and Development Block Grant (CCDBG) eligibility criteria actually receive child care assistance through CCDBG or related federal programs.[7]

While families struggle to afford and access child care, women bear the cost of maintaining our nation's care infrastructure. According to a 2023 American Time Use Survey data analysis by the National Partnership for Women and Families, unpaid caregiving is worth more than $1 trillion annually—with women doing two-thirds of that work.[8] The unequal burden of caregiving means that women often take time out of the workforce, leading to millions in lost earnings over their lifetime and undermining their economic security in retirement.[9] At the same time, women and especially women of color are disproportionately represented in the underpaid and undervalued care workforce.[10] Due to profound disinvestment in the care system and the racist and sexist devaluation of care work,[11] child care workers and early educators are among the

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[2] *See generally, e.g.,* Elise Gould, Marokey Sawo & Asha Banerjee, *Care Workers Are Deeply Undervalued and Underpaid*, ECON. POL'Y INST.: WORKING ECON. BLOG (July 16, 2021), https://www.epi.org/blog/care-workers-are-deeply-undervalued-and-underpaid-estimating-fair-and-equitable-wages-in-the-care-sectors/; Julie Vogtman, *Undervalued: A Brief History of Women's Care Work and Child Care Policy in the United States*, NAT'L WOMEN'S LAW CTR. (Dec. 2017), https://nwlc.org/wp-content/uploads/2017/12/final_nwlc_Undervalued2017.pdf.

[3] Rasheed Malik et al., *America's Child Care Deserts in 2018,* CTR. FOR AM. PROGRESS (Dec. 2018), https://www.americanprogress.org/article/americas-child-care-deserts-2018/.

[4] *See, e.g., Child Care in America: 2024 Price & Supply,* CHILD CARE AWARE (May 2025), https://www.childcareaware.org/price-landscape24/; *Cutting Costs for Women and Families Depends on Public Investments*, NAT'L WOMEN'S LAW CTR. (March 2022), https://nwlc.org/wp-content/uploads/2022/03/PublicInvestmentFS-1.pdf.

[5] *See Child Care in America: 2024 Price & Supply, supra* note 4.

[6] Sarah Javaid & Melissa Boteach, *Child Care is Unaffordable in Every State*, NAT'L WOMEN'S LAW CTR. (Feb. 2025), https://nwlc.org/wp-content/uploads/2025/01/Child-Care-Is-Unaffordable-in-Every-State-January-2025.pdf.

[7] Nina Chien, Office of the Assistant Secretary for Planning and Evaluation, *Estimates of Child Care Eligibility & Receipt for Fiscal Year 2021*, U.S. DEP'T OF HEALTH & HUMAN SERV. (Sept. 2024), https://aspe.hhs.gov/sites/default/files/documents/a91fd97aa80b53fa52a52d38cd323509/cy2021-child-care-subsidy-eligibility.pdf. Figures are based on 2021 data (the most recent available).

[8] Katherine Gallagher Robbins & Jessica Mason, *Americans' Unpaid Caregiving Is Worth More Than $1 Trillion Annually—and Women Are Doing Two-Thirds of the Work*, NAT'L P'SHIP FOR WOMEN & FAMILIES: BLOG (June 27, 2024), https://nationalpartnership.org/americans-unpaid-caregiving-worth-1-trillion-annually-women-two-thirds-work/.

[9] Amy Royce & Amy Matsui, *Unsupported: Underinvestment in the Care Economy Drives Gender and Racial Wealth Gaps,* A.B.A. HUM. RTS. MAG. (Jan. 6, 2023), https://www.americanbar.org/groups/crsj/resources/human-rights/archive/underinvestment-care-economy-drives-gender-racial-wealth-gaps/.

[10] For example, women make up 94 percent of child care workers, with Black women, Latinas, and Asian American, Native Hawaiian, and Pacific Islander women making up 12 percent, 21 percent, and 4 percent of child care workers, respectively. Brooke LePage, *The Child Care and Early Learning Workforce Is Underpaid and Women Are Paying the Price*, NAT'L WOMEN'S LAW CTR. 2 (May 2023), https://nwlc.org/wp-content/uploads/2023/05/child-care-workers-5.25.23v3.pdf.

[11] *See generally* Vogtman, *supra* note 2.

lowest paid workers in the United States.[12] Child care jobs also often lack benefits, including paid leave, health insurance, and retirement, which undermines the financial security of child care workers and their ability to care for themselves and their families.

Not only have Congress and the current administration failed to meaningfully address the child care crisis, but recent legislative and administrative actions have made it worse for families and for child care workers. The expiration of pandemic-era investments in child care in 2023 have contributed to skyrocketing child care prices and slowed the growth in the supply of child care. Cuts to the federal workforce, threats to federal child care and early education funding and programs, and deeply harmful agency actions have put the already fragile child care system under further strain. Additionally, the passage of the Republican tax and budget bill, H.R. 1, in July 2025 drastically cut basic needs programs, like Medicaid and SNAP, which will harm both child care workers and the families who most struggle to afford and access child care. And, as discussed in more detail below, the provisions of H.R. 1 that purport to ameliorate the child care crisis do little, if anything, to assist the families most in need.

The lack of affordable, accessible child care makes it harder for parents to work and support their families. According to KPMG, an average of 1.34 million workers were affected by inadequate child care options each month in 2024—the vast majority of whom are women.[13] Additionally, Black women experience job disruptions due to lack of child care options at higher rates than white women,[14] and households with incomes below $75,000 are more likely to reduce work to care for children compared to higher-income households.[15] KPMG's analysis also finds that work disruptions caused by child care problems yielded up to 1.44 billion lost potential work hours in 2024—resulting in lower productivity for businesses and up to $44 billion in lost wages for workers.[16] Additional research indicates that families with young children who lack adequate child care lose $78 billion per year in foregone earnings and job search expenses.[17]

The impact of child care challenges is not limited to individual families. Child care issues translate into an estimated $23 billion in lost productivity for employers, aggregated annually.[18] The U.S. Chamber of Commerce Foundation conducted studies in states across the country to better understand the impact of the child care crisis in their communities. The reports estimated that collectively, states lost billions of dollars in economic activity due to disruptions in child

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[12] Julie Kashen et al., *The Care Imperative: Why Investing in Care Grows America's Economy,* CENT. FOUND. (Nov. 18, 2025), https://tcf.org/content/report/the-care-imperative-why-investing-in-care-grows-americas-economy/ (see notes 152-155 and accompanying text).

[13] *The Great Exit: College-Educated Mothers of Young Children Leaving the Labor Force*, KPMG (Oct. 1, 2025), https://kpmg.com/us/en/articles/2025/october-2025-the-great-exit.html.

[14] Cristina Novoa, *How Child Care Disruptions Hurt Parents of Color Most*, CTR. FOR AM. PROGRESS (July 29, 2020), https://www.americanprogress.org/article/child-care-disruptions-hurt-parents-color/.

[15] *Childcare Costs, Reduced Work, and Financial Strain: New Estimates for Low-Income Families,* U.S. DEP'T OF COM. (June 27, 2024), https://www.commerce.gov/news/blog/2024/06/childcare-costs-reduced-work-and-financial-strain-new-estimates-low-income.

[16] *The Great Exit, supra* note 13.

[17] Sandra Bishop, *$122 Billion: The Growing Annual Cost of the Infant-Toddler Child Care Crisis*, COUNCIL FOR STRONG AM. 5 (Feb. 2023), https://www.strongnation.org/documents/1598. Refers to families with a child under age 3 without sufficient child care.

[18] *Id.* Refers to average loss of $1,640 in reduced revenue and in extra hiring costs per working parent with a child under age 3 without sufficient child care.

care.[19] More broadly, due to the lack of affordable, high-quality infant and toddler care, the U.S. is losing an estimated $122 billion each year in lost earnings, productivity, and foregone revenue.[20] According to a U.S. Chamber of Commerce Foundation survey, 76 percent of businesses have seen an employee leave due to child care issues—and 43 percent of those businesses said that 75 to 100 percent of the employees they lost were women.[21] Child care challenges also negatively impact small businesses: Fifty-nine percent of small business owners affirm that barriers to child care access prevent them from growing their business, with about a quarter of founders noting that they have had to shutter their company entirely and return to the broader workforce because of child care problems.[22]

The lack of a strong and equitable child care system harms families, employers, and the entire economy.

Child care benefits families, employers, and the economy as a whole.

In 2023, about 11 million children under age 15 spent time in paid child care settings.[23] Quality child care is essential for the healthy development of children and the economic security of their families. From birth to age three, children's brains make more than a million neural connections per second, significantly influenced by their interactions with their caregivers.[24] Developmental disparities take root well before children are five years old, and families' economic instability and stress are associated with adverse outcomes in terms of health and educational achievement.[25] 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.[26] Quality child care programs have been associated with positive health benefits, including higher immunization rates; higher rates of screening for, and identification of, various health issues; and improved mental health.[27]

Numerous studies demonstrate that lower child care prices are linked to higher labor force participation for women with young children.[28] Research by the Center on Poverty and Social

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[19] Stephanie Ferguson Melhorn, *Understanding America's Labor Shortage: The Impact of Scarce and Costly Childcare,* U.S. CHAMBER OF COM. (June 26, 2024), https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-scarce-and-costly-childcare-issue.

[20] Bishop, *supra* note 17.

[21] *Employer Roadmap: Childcare Solutions for Working Parents*, U.S. CHAMBER OF COM. FOUND. 2 (March 2022), https://www.uschamber.com/assets/documents/Employer-Roadmap_March-2022.pdf.

[22] *Opinion Poll: Small Businesses Support Policy Solutions to Address Our Nation's Childcare Challenges*, SMALL BUS. MAJORITY 3 (April 2024), https://smallbusinessmajority.org/sites/default/files/research-reports/small-business-childcare-poll-report.pdf.

[23] Karen E. Lynch & Eva Su, *Private Equity Investments in Large For-Profit Child Care Organizations: In Brief,* CONG. RSCH. SERV. (Oct. 30, 2024), https://www.congress.gov/crs-product/R48252#ifn3.

[24] *Brain Architecture*, HARVARD UNIV. CTR. DEV. CHILD, https://developingchild.harvard.edu/science/key-concepts/brain-architecture/ (last visited Jan. 5, 2026).

[25] *See, e.g., 36 Years Later: A Nation Still at Risk*, BIPARTISAN POL'Y CTR. 4 (Sept. 2019), https://bipartisanpolicy.org/wp-content/uploads/2019/09/Early-Childhood-Report_36-years-later_September-2019.pdf.

[26] *See generally, e.g.,* Arloc Sherman & Tazra Mitchell, *Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find*, CTR. ON BUDGET & POL'Y PRIORITIES (July 17, 2017), https://www.cbpp.org/sites/default/files/atoms/files/7-17-17pov.pdf.

[27] Taryn Morrissey, *The Effects of Early Child and Education on Children's Health*, HEALTH AFF. (April 25, 2019), https://www.healthaffairs.org/do/10.1377/hpb20190325.519221/full/.

[28] *See generally, e.g.,* Valeska Araujo, Linden McBride & Danielle H. Sandler, *The Impact of Childcare Costs on Mothers' Labor Force Participation* (U.S. Census Bureau Ctr. for Econ. Studies Working Paper CES 25-25, Apr. 2025), https://www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf; Liana Christin Landivar, Nikki L. Graf & Giorleny Altamirano Rayo, Women's Bureau, *Issue Brief: Childcare Prices in Local Areas,* U.S. DEP'T OF LABOR (Jan. 2023), https://www.dol.gov/sites/dolgov/files/WB/NDCP/508_WB_IssueBrief-NDCP-20230213.pdf;

Policy at Columbia University and NWLC 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.[29] That increase in labor force participation would translate into higher earnings for women and greater economic 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 about $20,000 in additional private savings (contributions plus growth) and an additional $10,000 in Social Security benefits.[30] Other research has found that a 1 percent increase in the labor force participation rate for women (72.9 percent to 73.6 percent) is associated with an expected $72.8 billion long-run increase in total personal income.[31]

In addition to greater participation in the workforce, access to training and education is a pathway to a better economic future for families. Just as with paid employment, parents need child care to engage in education, training, or workforce development activities. Child care supports can help parents participate in education and training programs that give them opportunities to advance into better jobs.[32] For student parents in higher education, access to affordable and reliable child care can make the difference between completing their education or leaving school without completing their credentials.[33]

Research has shown that if women's labor force participation were the same as in high-income countries that make significant public investments in child care and other care supports, there would be roughly 5 million more women in the U.S. labor force, translating into more than $775 billion in additional economic activity per year.[34] According to the Federal Reserve Bank of St. Louis, in 2019, the child care sector contributed nearly $64 billion in gross output, representing 0.3% of U.S. GDP.[35] That number would be higher if the system met families' needs.

And so, supporting systemic investments in child care will not only help children and families, but also employers and the economy as a whole.

Taryn W. Morrissey, *Child Care and Parent Labor Force Participation: A Review of the Research Literature*, 15 REV. ECON. HOUSEHOLD 1-24 (March 2017), https://doi.org/10.1007/s11150-016-9331-3.

[29] Robert Paul Hartley et al., *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,* NAT'L WOMEN'S LAW CTR. & CTR. ON POV. & SOC. POL'Y 4 (April 2021), https://nwlc.org/wp-content/uploads/2021/04/A-Lifetimes-Worth-of-Benefits-Compliant.pdf.

[30] *Id.*

[31] RegionTrack, Inc., *Child Care in State Economies: 2024 Update,* CONF. BOARD 21 (Dec. 2024), https://ced-microsite.files.svdcdn.com/production/documents/241002_CCSE-2024-Report_Part-3_Final.pdf?dm=1733774339.

[32] *See, e.g.,* Emily Martin et al., *Set Up for Success: Supporting Parents in Low-Wage Jobs and Their Children,* NAT'L WOMEN'S LAW CTR. 26-29 (June 2016), https://nwlc.org/wp-content/uploads/2016/06/Set-Up-for-Success.pdf.

[33] *See generally, e.g., We Need to Do Better: Why Child Care Is Crucial for Student Parents,* NAT'L WOMEN'S LAW CTR.: BLOG (Sept. 10, 2018), https://nwlc.org/we-need-to-do-better-why-child-care-is-crucial-for-student-parents/; Iris Palmer, *Child Care Centers Alone on Campus Don't Solve the Problem,* NEW AMERICA: BLOG (Jan. 29, 2025), https://www.newamerica.org/education-policy/edcentral/child-care-centers-on-campus-alone-dont-solve-the-problem/.

[34] Sarah Jane Glynn, Women's Bureau, *The Cost of Doing Nothing, 2023 Update: The Price We STILL Pay Without Policies to Support Working Families,* U.S. DEP'T OF LABOR 2 (Nov. 2023), https://static1.squarespace.com/static/6536b8dab487e203ecaa28ae/t/67c7b3ff09741d60c3f6fc6c/1741140991792/The+Cost+of+Doing+Nothing%2C+2023+Update.pdf.

[35] Charles S. Gascon & Devin Werner, Pandemic, *Rising Costs Challenge Child Care Industry*, FED. RSRV. BANK. ST. LOUIS (Jan. 13, 2022), https://www.stlouisfed.org/publications/regional-economist/2022/jan/pandemic-rising-costs-challenge-child-care-industry.

Current public investments in the child care system are inadequate.

Given the scale of the child care crisis and its importance to families, employers, and the economy as a whole, public investment in child care is especially warranted. Yet, apart from a brief period during World War II, when the federal government funded child care centers serving hundreds of thousands of children,[36] policymakers have largely failed to make the required public investments in child care.

During the pandemic, Congress made the largest federal investment in child care since World War II, primarily through the American Rescue Plan Act (ARPA), which was signed into law in March 2021. ARPA included $15 billion in supplemental funding for the existing Child Care and Development Block Grant (CCDBG) program as well as $24 billion in child care stabilization grants.[37] That relief helped 220,000 child care programs stay open, supporting 10 million children and their families in accessing child care.[38] 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.[39] As 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. 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.[40]

Although temporary, these infusions of public child care funding demonstrated the need for, and effectiveness of, direct investments in care. Unfortunately, the ARPA funds were allowed to expire: The stabilization grants expired in September 2023, and the supplemental CCDBG funding expired in September 2024. Parents and families experienced negative impacts almost immediately after the stabilization grants expired, including higher tuition and less access to affordable care, with families of color disproportionately impacted by increases in child care costs.[41]

Since the expiration of the ARPA funds, the state of the child care sector has only worsened. Child care prices have risen in all but five states, and in 2025, child care prices rose by more than twice the overall rate of inflation in most states.[42] The U.S. Department of Health and Human Services' current guidance recommends that families not pay more than 7 percent of

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[36] *See* Vogtman, *supra* note 2, at 12.

[37] American Rescue Plan Act of 2021, Pub. L. No. 117-2, §§ 2201-2202 (2021).

[38] Office of Child Care, *COVID Investments in Child Care: Supporting Children, Families, and Providers*, ADMIN. FOR CHILD. & FAM. (June 2024), https://acf.gov/sites/default/files/documents/occ/COVID_Investments_in_Child_Care.pdf.

[39] *American Rescue Plan's Child Care Stabilization Funds Stabilized the Industry While Helping Mothers Return to Work*, WHITE HOUSE COUNCIL OF ECON. ADVISORS (Nov. 7, 2023).

[40] *Id.*

[41] *Child Care Problems Disproportionately Impacted Black Women, Latinas, Disabled Women, and Those with Lower Household Incomes in 2024*, NAT'L WOMEN'S LAW CTR. (Dec. 2025), https://nwlc.org/wp-content/uploads/2025/12/Child-Care-Problems-Disproportionately-Impacted-Black-Women-Latinas-Disabled-Women-and-Those-with-Lower-Household-Incomes-in-2024.pdf. *See also* Shengwei Sun, *Women and Families Struggle with Child Care Following the Federal Funding Cliff, But Fare Better in States with Additional State Funding for Child Care,* NAT'L WOMEN'S LAW CENTER (May 2024), https://nwlc.org/wp-content/uploads/2024/05/Pluse-4.0-Child-Care-Fact-Sheet-October-2025.pdf.

[42] Laura Valle Gutierrez & Julie Kashen, *Still Unaffordable: Child Care's Rising Prices, Stretched Supply, and Staffing Shortages*, CENTURY FOUND. (Dec.10, 2025), https://tcf.org/content/commentary/still-unaffordable-child-cares-rising-prices-stretched-supply-and-staffing-shortages/.

their annual household income for child care, but many families, especially families with low and moderate incomes, are paying a much greater share.[43] The cost of child care is extremely burdensome for families to bear on their own, particularly while they are already struggling to afford the rising costs of food, health care, and housing.[44]

Additionally, the lack of investment in the child care system and early educators makes it increasingly difficult for families to access care. The demand for child care continues to far outpace the supply. While some states have been able to increase their number of child care programs, many others have experienced decreases in supply: in 2024, more than half of states saw a drop in their number of programs relative to the year prior.[45]

The Trump administration has contributed to the child care crisis in the U.S., especially for families with low incomes and families of color.[46] Over the last year, the administration has withheld funding and threatened to withhold more for Head Start, fired critical staff who support programs across the country, and closed regional offices.[47] It has also undermined diversity, equity, inclusion, and accessibility efforts in Head Start programs that are central to the program's mission as defined by statute.[48] The deliberate and sustained attacks on the Head Start program in the first year of the second Trump administration have led to instability, limited access to funding, and, in some cases, programs temporarily closing.[49]

In addition to attacks on the Head Start program, the administration has weakened child care program regulations that protect children and support early educators.[50] Just last week, the administration proposed withdrawing regulations implementing CCDBG that ensure more stable payments to child care providers and limit copayments for families, and has imposed additional, burdensome requirements for all states to draw down CCDF funds. Additionally, the administration froze access to certain federal child care and family assistance funds for California, Colorado, Illinois, Minnesota and New York.[51] The administration's excessive and militarized immigration enforcement measures, moreover, have instilled fear and threaten both early educators—of whom one in five are immigrants—and families that need care.[52]

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[43] *Child Care in America: 2024 Price & Supply*, *supra* note 4.

[44] *See, e.g., Survey Shows People Are Worried About the High Costs of Living*, NAT'L WOMEN'S LAW CTR. (Oct. 2025), https://nwlc.org/resource/survey-shows-people-are-worried-about-the-high-costs-of-living/.

[45] Gutierrez & Kashen, *supra* note 42.

[46] *See, e.g.,* Restoring Flexibility in the Child Care and Development Fund (CCDF), 91 Fed. Reg. 207 (Jan. 5, 2026); Josh Christenson, *Trump Cuts Off $10B in Funding to Five Blue States for Child Care, Social Services Over Fraud Fears*, N.Y. POST (Jan. 5, 2026), https://nypost.com/2026/01/05/us-news/trump-freezes-10b-in-funding-to-five-blue-states-for-child-care-social-services-over-fraud-fears/.

[47] *See generally* Karla Coleman-Castillo, *Attacks on Head Start Are Part of a Sustained Strategy to Undermine Progress for Families with Low Incomes: A Timeline of the Trump Administration's Efforts to Eliminate the Program,* NAT'L WOMEN'S LAW CTR. (Oct. 3, 2025), https://nwlc.org/resource/attacks-on-head-start-are-part-of-a-sustained-strategy-to-undermine-progress-for-families-with-low-incomes-a-timeline-of-the-trump-administrations-efforts-to-eliminate-the-program/.

[48] *Id.*

[49] *Id.*

[50] *See generally* Shira Small, Rachel Wilensky & Stephanie Schmit, *How the Trump Administration Has Undermined Child Care and Early Education Programs in 2025,* CTR. FOR LAW & SOCIAL POL'Y (Dec. 17, 2025), https://www.clasp.org/publications/fact-sheet/trump-admin-undermine-child-care-early-ed-programs-25/.

[51] *Press release: HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns,* U.S. DEP'T OF HEALTH & HUMAN SERV. (Jan. 6, 2026), https://www.hhs.gov/press-room/hhs-freezes-child-care-family-assistance-grants-five-states-fraud-concerns.html.

[52] Anna Powell, *Nearly Half a Million Early Childhood Educators Are Immigrants*, CTR FOR THE STUDY OF CHILD CARE EMPLOYMENT (July 15, 2025), https://cscce.berkeley.edu/publications/blog/nearly-half-a-million-early-childhood-

The ongoing shortage of child care workers also threatens the availability of child care: 45 states have fewer early educators than before the pandemic,[53] when the number of workers was already insufficient. In part, this is because wages are so low that many early educators leave the field for other jobs, including in retail, that pay more.[54] The child care worker shortage is only likely to worsen as early educators and their families face increased economic precarity. Already, early educators struggle to support their families; they face a higher risk of poverty than other workers, and 43 percent rely on basic needs programs, such as Medicaid and SNAP, to help their families make ends meet[55]—which means they will face increased economic insecurity as a result of the drastic cuts to these programs under the recently enacted tax and budget reconciliation law, H.R. 1. The law also increases funding for mass detention and deportation, which puts many early educators at risk—given that immigrants make up 21 percent of the early educator workforce[56]—and will further jeopardize the child care system that relies on their work. In addition, the law limits the availability of federal student loans for degree programs whose graduates are poorly paid—like those that train early educators—which will likely further discourage people from entering the profession.

The ARPA investments provided clear, recent evidence that robust, direct public investments are needed to make child care more affordable for families; build the child care supply; support early educators, providers, and employers; and boost strong, sustainable economic growth. In the face of this evidence, allowing increased investments to lapse, taking administrative actions that threaten child care and early education programs, and cutting supports that families and early educators rely on took child care policy in the wrong direction.

Employer-provided child care benefits are not the solution.

As described above, employers are deeply impacted by the child care crisis; they are therefore important stakeholders and have a role to play in securing the child care system we need and deserve in this country. However, as a policy solution, incentivizing employers to provide child care benefits does not meaningfully address the child care crisis and should not be a priority use of public resources. As an initial matter, employer-provided child care benefits do not improve wages for the child care workforce, which is one of the factors that has a significant impact on child care supply.[57] Second, even if a significant number of employers offered child care benefits to their employees and, potentially, made some additional child care slots available to community members, it would still not come close to meeting the demand for child care. Further, a substantial number of employers have not done so: only 13 percent of workers

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educators-are-immigrants/. *See also* Umair Ali, Jessica H. Brown & Chris M. Herbst, *Secure Communities as Immigration Enforcement: How Secure Is the Child Care Market?* (IZA Discussion Paper No. 15821, Dec. 2022), https://docs.iza.org/dp15821.pdf.

[53] Gutierrez & Kashen, *supra* note 42.

[54] *See, e.g.,* Caitlin McLean et al., *The Early Childhood Educator Workforce Index – 2024: Early Educator Pay & Economic Insecurity Across the States,* CTR. FOR THE STUDY OF CHILD CARE EMPLOYMENT (2024), https://cscce.berkeley.edu/workforce-index-2024/the-early-childhood-educator-workforce/early-educator-pay-economic-insecurity-across-the-states/.

[55] An estimated 43 percent of early educator families participate in at least one public income support program, such as Medicaid, the Earned Income Tax Credit (EITC), or SNAP. *Id.*

[56] Powell, *supra* note 52.

[57] *See* Megan Rivera, *What We Know About the Federal Employer-Provided Child Care Credit and How Can It Be Better Used by Businesses,* WASHINGTON CTR. FOR EQUITABLE GROWTH (Apr. 22, 2025), https://equitablegrowth.org/factsheet-what-we-know-about-the-federal-employer-provided-child-care-credit-and-how-can-it-be-better-used-by-businesses/.

have access to child care at work.[58] The cost of constructing a child care center can range from $1 million to $3 million,[59] which likely keeps many employers from undertaking such an endeavor.

Analysis of the uptake of tax incentives for employers to provide child care benefits over the past several decades is instructive. The federal Employer Provided Child Care Credit (EPCCC, also known as 45F after the relevant section of the tax code) was originally enacted in 2001.[60] The EPCCC allows a business to claim a tax credit if it provides child care benefits to its employees, including onsite child care centers or slots or spaces at local child care programs, or contributes to child care centers or resource and referral agencies. The credit is nonrefundable, but if a business does not use the full amount of the credit, it can apply the credit amount to past or future tax liability.[61] The cost of child and dependent care benefits offered to employees is, notably, already deductible to employers as a business expense.[62]

Research shows that this federal tax credit is very rarely utilized.[63] The EPCCC is claimed by very few employers: the IRS estimated that only 147 to 187 corporate income tax returns claimed $15.3 to $15.8 million in EPCCCs in 2022.[64] This represents less than 1 percent of all corporate tax returns. Claims of the credit have been consistently low throughout its history.[65] In addition to the federal credit, 19 states offered tax credits for employers and businesses that provide child care benefits in 2024.[66] However, the evidence suggests that these state-level benefits are also not utilized, given that numerous states have repealed or discontinued their employer tax credits.[67]

The evidence suggests that many employers cannot afford to invest in new child care facilities, even with the credit. The EPCCC is most likely to benefit large, corporate employers, who are more likely than small employers to be able to manage the significant upfront costs of providing on-site child care.[68] Additional and ongoing costs of providing child care, including the costs of labor and regulatory compliance, are also significant and not addressed by the credit. Moreover, employers who do offer child care benefits are more likely to provide them to "white-collar,"

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[58] *Id.* Figures refer to civilian workers.

[59] *Id*.

[60] *The 45F Tax Credit for Employer-Provided Child Care*, CONG. RSCH. SERV. (Sept.4, 2025), https://www.congress.gov/crs-product/IF12379#.

[61] *Id*.

[62] *Employer-Provided Child Care Credit: Estimated Claims and Factors Limiting Wider Use*, U.S. GOV'T ACCOUNTABILITY OFFICE (Feb. 2022), https://www.gao.gov/assets/gao-22-105264.pdf.

[63] *Id*.

[64] Mark Xu, *Corporation Income Tax Returns: Line Item Estimates*, INTERNAL REVENUE SERV. 166-67 (Sept. 2025), https://www.irs.gov/pub/irs-pdf/p5108.pdf; *see also The 45F Tax Credit for Employer-Provided Child Care, supra* note 60.

[65] *Employer Child Care Tax Credits Are Ineffective at All Levels*, NAT'L WOMEN'S LAW CTR. (March 2018), https://nwlc.org/wp-content/uploads/2018/03/Employer-Child-Care-Tax-Credit.pdf. *See also* Christina Smith FitzPatrick and Nancy Duff Campbell, *The Little Engine That Hasn't: The Poor Performance of Employer Tax Credits for Child Care*, NAT'L WOMEN'S LAW CTR. (Nov. 2002), https://nwlc.org/wp-content/uploads/2015/10/TheLittleEngine2002.pdf.

[66] Amy Matsui & Amy Royce, *The Tax Code Caregivers Need and Deserve*, NAT'L WOMEN'S LAW CTR. (MARCH 24, 2025), https://nwlc.org/wp-content/uploads/2025/05/186tnf2159-Matsui.pdf.

[67] *Id. See also* Jennifer Bean, *Impact of Employer Childcare Tax Credits*, MOST POLICY INITIATIVE (Dec. 18, 2025), https://mostpolicyinitiative.org/science-note/impact-of-employer-childcare-tax-credits/.

[68] *See generally Employer-Provided Child Care Credit, supra* note 62.

higher-paid employees.[69] For example, employers are more likely to offer child care at corporate headquarters, rather than at warehouse, distribution, or retail locations.[70]

Some have argued that increasing the size of the EPCCC will induce more employers to offer child care benefits to their employees, despite the extremely limited uptake of the credit over its more than twenty years of existence. Presumably based on that theory, H.R. 1 permanently expanded Section 45F, by increasing the maximum credit amount from $125,000 to $500,000 per year ($600,000 for small businesses), and increasing the maximum percentage of qualified child care expenses used to calculate the credit from 25 percent to 40 percent (50 percent for small businesses). It also allows employers to co-own and operate a child care facility with other businesses, and allows employers to use third-party intermediaries to contract for child care services.

These expansions do not fix any of the structural limitations of this credit, and are unlikely to spur significantly increased uptake. The increased maximum credit amount still falls far short of the tremendous cost of establishing an on-site child care center.[71] Moreover, the credit is still nonrefundable, which prevents non-profits, businesses with smaller profit margins, and new businesses that are not yet profitable from benefiting from the credit. While the credit has been expanded for small businesses, it still does not provide resources that smaller businesses likely need to make the up-front investment or meet the ongoing costs of providing child care to their employees. The credit will likely continue to mostly benefit big corporate employers that already provide child care services to their employees, or that can afford to start doing so.[72] To the extent that the credit encourages businesses to pool and share the costs of providing child care services, the marginal impact on child care supply will, by definition, be limited. The public dollars that will be spent on the expansion of the credit—an estimated $731 million between FY2025 and FY 2034[73]—would, in all likelihood, have been more effectively directed towards helping low- and moderate-income families access and afford child care.[74]

In sum, there is a dearth of evidence that tax incentives for employers to offer child care have caused employers who were not already providing child care benefits to their employees to start doing so or appreciably increased the availability of child care supports over the past several decades, and there is little to suggest that the recent expansion of the credit in H.R. 1 will measurably change those outcomes. In addition, while the effectiveness of state-based initiatives, like public-private partnerships, varies, depending on the particular program, such initiatives generally are quite limited in scope and thus impact.[75] Further, these models are less efficient and less targeted to the families most in need of support, in contrast to child care assistance.

Even if the federal EPCCC or state tax incentives for employers had proven more effective, there are a number of issues that call into question the wisdom of incentivizing employers to provide child care in the first instance. First, employers' decisions to provide child care benefits

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[69] *See, e.g.,* Rivera, *supra* note 57.

[70] *See generally Employer-Provided Child Care Credit, supra* note 62.

[71] *See* Rivera, *supra* note 57.

[72] Margot Crandall-Hollick, *The 2025 Reconciliation Law Makes Some Modest Changes to Child Care Tax Benefits, Provides Little Help for Low-Income Families*, TAX POL'Y CTR. (July 30, 2025), https://taxpolicycenter.org/taxvox/2025-reconciliation-law-makes-some-modest-changes-child-care-tax-benefits-provides-little.

[73] *Id*.

[74] *See generally* Rivera, *supra* note 57.

[75] *See generally, e.g.,* Lea Woods, *The Tri-Share Model Is Not a Solution to the Child Care Crisis,* CENTURY FOUND. (Sept. 8, 2025), https://tcf.org/content/commentary/the-tri-share-model-is-not-a-solution-to-the-child-care-crisis/.

are entirely voluntary, and thus can be terminated at any time—which would leave workers in a lurch or disrupt children's care if the company eliminated the benefit.[76] Alternatively, more tightly connecting child care to employment could create unhelpful ripple effects, such as locking parents into jobs they might otherwise leave because they do not want to lose care.[77] In addition, employer-provided child care may inadvertently reduce the different kinds of child care settings available to parents, by largely supporting large, corporate child care centers.[78] Indeed, many families may prefer different kinds of child care providers (such as home-based providers), need specialized kinds of child care (such as care for a child with disabilities or a bilingual program), or wish to place their child with providers located near their home rather than their workplace.[79] Finally, even subsidized child care provided by an employer may exceed many workers' budgets.[80]

Given scarce public dollars, the scale of the child care crisis, and the limited impact of employer-provided child care, other policy solutions are needed.

Ensuring that all families can access the care that meets their needs, and that early educators are paid a living wage, will require robust, direct, and sustained public investments.

Research has underscored the vital role of early care and education in children's development, families' economic security, and our broader economic prosperity. Tomes of data have shown the detrimental effects of continued underinvestment in this critical infrastructure. Decades of experience have shown that while state-level investments are crucial, states alone cannot solve the problem.

It is time to start enacting the solution. The broken market Secretary Yellen described requires a third-party investor. In the case of child care, a public good, the investor is the government. Until we recognize the fundamental math problem at the heart of the child care crisis, we will continue to force parents and early educators into impossible choices, with short- and long-term negative consequences for women, children, families, and the economy.

Voters understand the crucial role child care plays in our economy. Polling from the Child Care for Every Family Network shows that the 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"; 81 percent agree that "Child care

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[76] Elliot Haspel, *Questioning the Promise of Employer-Sponsored Child Care Benefits*, NEW AMERICA (Feb. 2024), https://www.newamerica.org/better-life-lab/reports/questioning-the-promise-of-employer-sponsored-child-care-benefits/practical-considerations/.

[77] For example, employees in this Hudl case study report not wanting to leave—or even consider leaving—their job because they would not want to give up the child care benefits. "I've literally never, especially since starting at Primrose, I've never even had the thought of 'Should I explore other job opportunities for myself?' because I was like no, I wouldn't do that." Katie Bass and Sara Brady, *Impact of On-Site Early Education and Child Care: Primrose School at Hudl*, FIRST FIVE NEBRASKA 9 (Sept. 2025), https://firstfivenebraska.org/wp-content/uploads/2025/11/Primrose-School-at-Hudl_FINAL_2025-09-29.pdf.

[78] Haspel, *supra* note 76. Many of these large, corporate child care enterprises are chains backed by private equity firms. *Id*.

[79] *See The 45F Tax Credit for Employer-Provided Child Care, supra* note 60.

[80] Katie Bass and Sara Brady, *Impact of On-Site Early Education and Child Care: Primrose School at HUDL*, FIRST FIVE NEBRASKA (Sept. 2025), https://firstfivenebraska.org/wp-content/uploads/2025/11/Primrose-School-at-Hudl_FINAL_2025-09-29.pdf; *see also* Bean, *supra* note 67.

is a public good, like public education and public libraries, that benefits everyone whether or not we have children.[81]

Congress must act now to stabilize the child care sector. The proposed $85 million increase in both child care and Head Start funding in the FY2026 Senate Labor, Health and Human Services appropriations bill would be a step forward and help states continue investing to sustain progress in families' access to early care and education, provider payment rates, supply-building, and more. A yearlong Continuing Resolution, or the House version, would result in cuts to funding for critical programs.

However, these increases are not enough. We need public investments at a scale sufficient to transform our fragile and inequitable child care system so that it works for children, families, early educators, employers, and communities.

This Congress, Ranking Member Bobby Scott, and Senator Murray introduced *The Child Care for Working Families Act*.[82] This comprehensive legislation would tackle the child care crisis head-on: ensuring families can afford the child care they need, expanding access to high-quality options, stabilizing the child care sector, and helping ensure that child care workers caring for our nation's children are paid a livable wage. The legislation will also dramatically expand access to pre-K and support full-day, full-year Head Start programs, as well as higher wages for Head Start workers. Under the legislation, which Congressman Scott and Senator Murray have introduced every Congress since 2017, the typical family will pay no more than $15 a day for child care—with many families paying nothing at all—and no eligible family will spend more than 7 percent of their income on child care.

I urge you to take the steps that are needed to put our nation on the path to the inclusive, universal child care system that meets families', employers', and communities' needs. Thank you for the opportunity to provide this testimony to the Subcommittee.

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[81] Child Care for Every Family Network & GQR, *New Polling Shows Voters of All Persuasions Overwhelmingly Support Guaranteed Child Care for Every Family & Better Wages for Providers* (Dec. 2023), https://childcareforeveryfamily.org/wpcontent/uploads/2024/01/Child-Care-Polling-Messaging-Memo-1-31-24.pdf.

[82] Child Care for Working Families Act, H.R. 4418, 119th Cong. (2025).