



Coming Together to Support Workers and Families: A Pragmatic Agenda for the New Congress

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Bipartisan Policy Center

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Introduction

The 117th Congress to be sworn in on January 3, 2021 will be closely divided and immediately challenged by a continuing pandemic; economic instability that has left millions of Americans facing joblessness, homelessness, and even hunger; simmering racial tensions; and the political and social aftershocks of a deeply divisive election. Whether our system of government can respond to America's immediate crisis—let alone produce solutions to the complex, generation-defining problems that predate and transcend the current emergency—is the question that hangs over the nation. The elephant (and donkey) in the room is the fact that neither party in 2021 can claim a clear mandate, and each still needs the other to get anything substantive done.

In this environment, congressional leaders and the new administration face a difficult choice: whether to continue emphasizing their differences by pursuing a one-party, winner-takes-all agenda or do the harder (and braver) work of compromising to advance the nation's interests.

For nearly 15 years, the Bipartisan Policy Center has combined ideas and interests from across the political spectrum to promote pragmatic and durable policy. Recent election results reinforce the view that engaging a diversity of views is the best and ultimately only path forward—both for expanding opportunity and prosperity and for restoring faith and trust in the still unfolding project of American-style democracy.

That trust was being sorely tested long before the current pandemic by the reality that, over the last several decades all Americans have not shared equally in the fruits of a fast-changing, hard-charging economy. While income inequality narrowed slightly in recent years, it remains significantly higher than 30 years ago.¹ Into the early part of 2020, wages were rising, especially for the lowest earners, and poverty was falling. Yet stubborn gaps persist in outcomes for Americans of different races—in education, earnings, and health. “Deaths of despair” have reduced average life expectancy for non-college-

1 Board of Governors of the Federal Reserve System, [Distributional Financial Accounts](#), accessed November 13, 2020; Jessica Semega, Melissa Kollar, Emily A. Shrider, and John Creamer, “[Income and Poverty in the United States: 2019](#),” U.S. Census Bureau, September 2020.

educated men. Surprising numbers of Americans say they cannot cover an unexpected expense on the scale of a common car repair out of their own savings. And many Americans are pessimistic about their children's ability to achieve a better standard of living. When COVID-19 hit, the pandemic added a new and all-too-frequently lethal dimension to these disparities.

Against this backdrop, the nation faces a two-part imperative: The first is to get the pandemic under control and the economy back on its feet. The second is to address deeper sources of insecurity that not only limit opportunity and diminish quality of life for many working Americans but also feed a growing sense of polarization and disaffection that increasingly threatens the health of our body politic. This paper lays out a pragmatic, immediately actionable policy agenda that begins to tackle these short- and long-term challenges by:

- Promoting financial resilience and wealth creation.
- Supporting work and expanding opportunity.
- Helping children and families.

In the pages that follow, we articulate nine specific policy recommendations for consideration by members of the new Congress and administration, while also making the case for a larger project of rebuilding and reinvigoration that is squarely focused on America's workers and working families. These initial policy recommendations represent just a first step, or down payment, on future progress. What these reforms have in common, however, is that they have attracted strong bipartisan support in the past and could be enacted quickly. In that sense they represent a critical opportunity—not only to deliver meaningful immediate benefits, but also to demonstrate that the two parties remain capable of coming together to produce results for the American people.

The latter point is critical because assembling the political capital needed to sustain longer-term progress requires taking concrete steps to make government work better for everyone. The economic and health hardships caused by the pandemic of 2020 have reminded Americans why capable governance matters. Action on BPC's Working Families Agenda will show that our nation's leaders have heard this message as well.

Financial Resilience and Wealth Creation

PART 1: DEFINING THE PROBLEM

The COVID-19 pandemic is hitting all Americans hard. But it has also been clear since the earliest days of the crisis that some Americans are disproportionately vulnerable to its ravages—in terms of health outcomes and economic impacts. Black Americans are not only more than twice as likely as their white counterparts to die from the virus, they are far more likely to have lost a job in the ensuing economic downturn.² In a survey conducted by BPC earlier this year, 40% of Black households said they had experienced either “some” or “great” financial hardship as a result of COVID-19, compared to only 27% of white households.³ Likewise, 54% of Black households reported suffering from life-stressing unemployment, reduced hours, or pay cuts—in contrast with 36% of white households.

Large numbers of Americans were also living with chronic financial insecurity even before the pandemic. In 2019, more than a third of American adults reported that they would not be able to cover an emergency expense of \$400 with cash or a credit card paid off at the end of the month. This was an improvement over 2013, when the share of people who said they would struggle to cover a \$400 emergency expense was as high as 50%, but it meant that many families still lacked the resilience to cope with an unexpected shock despite several years of a strong job market and low unemployment levels.⁴

The racial dimensions of inequality in America likewise predate the current crisis and were widely perceived to play a role in the social unrest that exploded over the summer of 2020. In 2019, poverty rates for Black and Latino families stood at 17% and 14%, respectively—compared to just 5% for white families.⁵ Median wealth in 2019 for

2 Ibid.

3 Bipartisan Policy Center, “[COVID-19 Sparks Huge Shifts in American Financial Well-Being: Poll Finds Openness to Change](#),” June 2020.

4 Board of Governors of the Federal Reserve System, “[Report on the Economic Well-Being of U.S. Households in 2019](#),” May 2020.

5 Jessica Semega, Melissa Kollar, Emily A. Shrider, and John F. Creamer, “[Income and Poverty in the United States](#),” U.S. Census Bureau, September 2020. Note the categories

white families was eight times higher than for Black families and five times higher than for Latino families. These large gaps existed even though median family wealth for Blacks and Latinos rose at a faster rate than for whites from 2013 to 2019.⁶

The pandemic, as we have already noted, further exposed and exacerbated racial disparities while threatening to erase the gains in household savings and poverty reduction that the strong pre-pandemic economy was delivering. By June, more than one-third of Black households and more than 40% of Latino households had been forced to miss bill payments during the crisis. The pandemic has also increased housing insecurity, particularly among renters who, despite eviction moratoria, have fallen behind on rent payments. Housing difficulties are not shared equally: Households led by people of color and women have been more likely to accrue rent debt during the crisis.

The economic fallout from COVID-19 is also likely to linger by undermining Americans' retirement security. Prior to 2020, a significant share of working households were already in danger of running out of money in retirement. Racial disparities persisted here too—with Black and Latino families suffering from lower access to and participation in employer-sponsored retirement plans.⁷ The burdens of unemployment and lost income in 2020 will surely constrain the ability of many working families to set aside funds for retirement and force others to pull their savings out early. This will further erode retirement security for years to come.

To more effectively address these long-standing disparities and provide the foundation for a stronger and more equitable recovery from the current crisis, policy efforts over the next months and years should specifically target three key goals:

- Boost short-term savings and increase housing security for low- to middle-income families.
- Enhance retirement security by expanding opportunities for all workers to participate in and benefit from payroll-deduction savings plans.
- Narrow wealth gaps by supporting asset building among those at

cited here correspond to “White Alone, Not Hispanic,” “Black Alone,” and “Hispanic (Any Race).”

6 Neil Bhutta, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu, “[Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#),” Board of Governors of the Federal Reserve System, September 28, 2020.

7 Ibid.

the bottom of the income distribution.

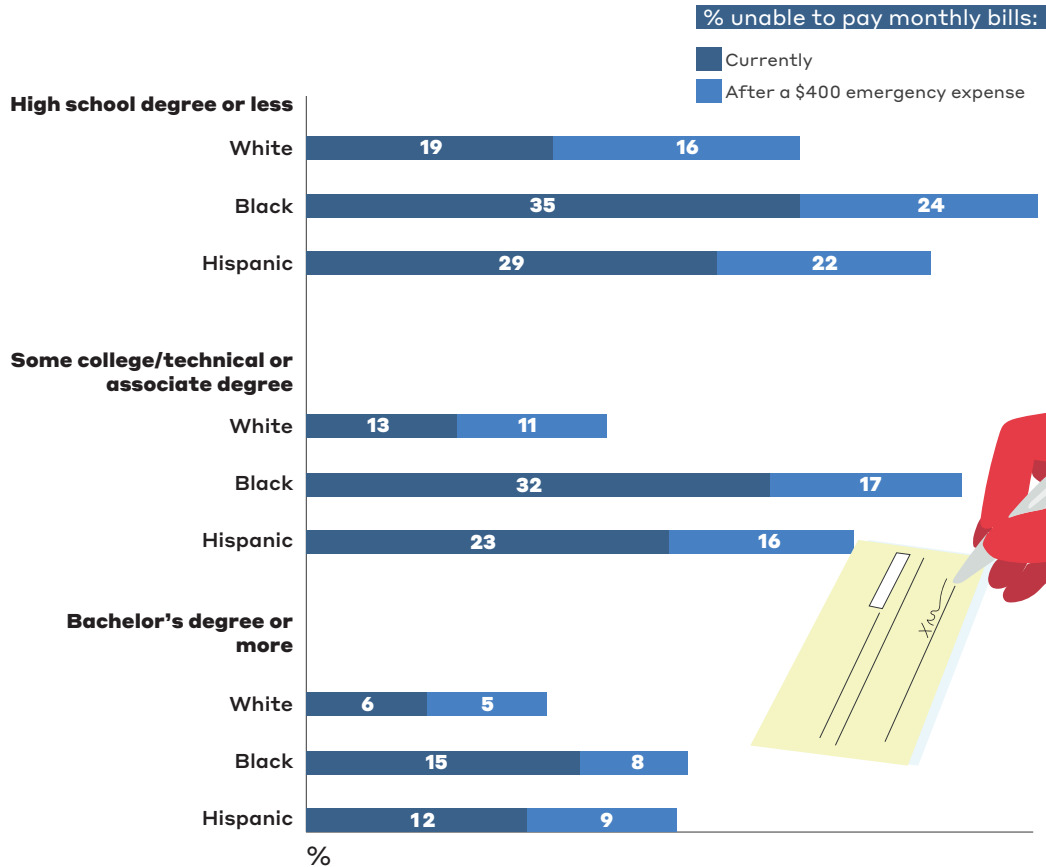
Our “first steps” agenda for America’s working families includes three recommendations that begin to advance these priorities. They are outlined in the next section.

PART 2: A NEAR-TERM POLICY AGENDA FOR PROMOTING FINANCIAL RESILIENCE AND WEALTH CREATION

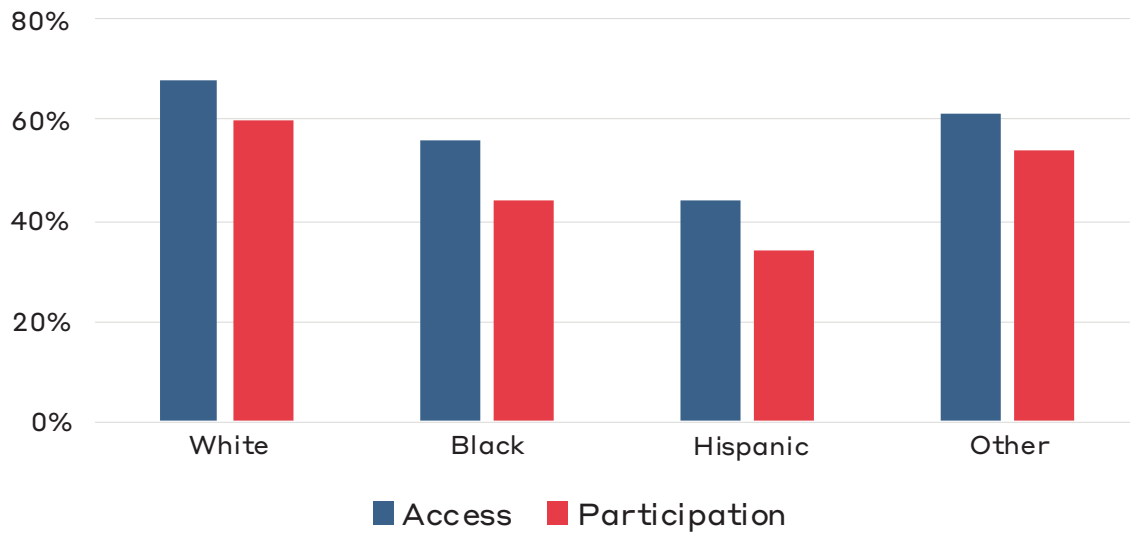
BPC has developed three recommendations aimed at improving short- and long-term economic security for America’s working families:

1. Allow employers to automatically enroll employees into emergency savings accounts.
2. Enhance the Saver’s Credit for low- and moderate-income individuals.
3. Expand and reform the housing choice voucher program Housing Choice Vouchers.

Households of Color or with Low Education Struggle to Pay Monthly Bills

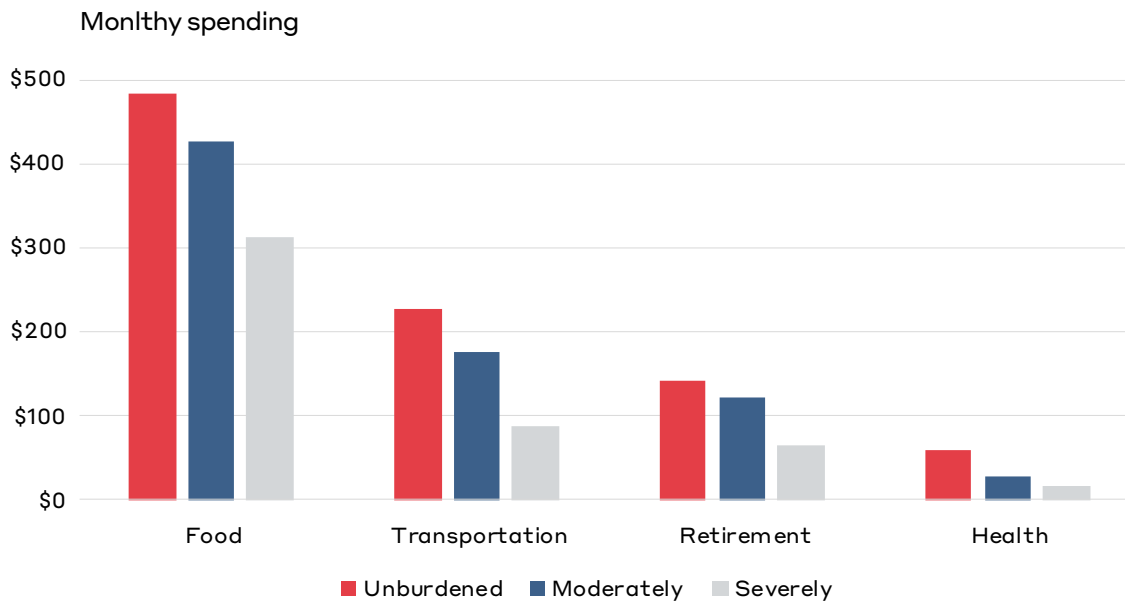


Black and Hispanic Families Have Lower Access to and Participation in Employer-Sponsored Retirement Plans



Source: Neil Bhutta, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu, “[Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#),” Board of Governors of the Federal Reserve System, September 2020.

When Burdened with High Housing Costs, Lowest-Income Families with Children Spend Little on Other Basic Needs



Note: Average spending for households with children aged 17 or younger. Low-income families with children are defined as the families with children in the bottom quintile of total spending. Households moderately (severely) burdened with high housing costs are defined as households allocating more than 30% (more than 50%) of spending to housing.

Source: Joint Center for Housing Studies of Harvard University, “[The State of the Nation’s Housing: 2019](#),” 2019.

Each recommendation is summarized below:

1. Roughly half of private-sector American workers have access and are contributing via payroll deduction to a workplace retirement savings account.⁸ A much smaller percentage of employees has a short-term savings account connected to their wages. Lack of participation in emergency savings plans is partly due to a complex regulatory environment that has deterred the use of automatic enrollment for these types of accounts. In concert with other BPC proposals to increase workers' disposable income, removing regulatory barriers to these emergency savings accounts would allow employers to offer a benefit that could bring a level of financial stability and peace of mind to many of their employees. (Employees would always maintain the ability to opt out.)
2. The "Saver's Credit" is a tax credit designed to encourage retirement savings among low- and moderate-income households. It subsidizes a percentage of an individual's retirement contributions up to \$2,000 for a given year (or \$4,000 for joint filers). Lower-income savers are eligible for a tax credit equal to as much as 50% of their contributions, while higher-income savers receive a decreasing proportion until the credit phases out. One of the weaknesses of the current program is that it is non-refundable, meaning that an individual must have a positive income tax liability to receive the credit. This excludes many low earners who, due to deductions and other credits, have no income tax liability. The Saver's Credit should be made refundable and provided in the form of a "match" directly into the retirement account of all those who qualify. Such changes would help more low- and moderate-income Americans accumulate assets and achieve retirement security.
3. The housing choice voucher program is one of the Department of Housing and Urban Development's most effective programs—helping 5.3 million low-income people afford housing. These vouchers cover the cost of rent and utilities above 30% of a participant's income, up to a limit, for a private-market rental home. Housing vouchers are shown to sharply reduce the likelihood of homelessness, help families move to higher-opportunity neighborhoods, substantially improve outcomes for children, and cost-effectively reduce poverty. Yet due to limited funding, fewer than one in four households eligible for the program

⁸ U.S. Bureau of Labor Statistics, [National Compensation Survey](#), accessed November 13, 2020.

receives a voucher, with families in need often waiting years for assistance. Housing vouchers should be made available to all eligible households with incomes at or below 30% of area median income. This would help ensure those with the greatest housing needs are supported. Finding ways to encourage more landlords to accept vouchers, helping working families find available homes and cover security deposits, and reducing administrative burdens could also make the program more effective.

Supporting Work and Expanding Opportunity

PART 1: DEFINING THE PROBLEM

Gainful employment has long been the bedrock foundation of economic independence and opportunity for the vast majority of Americans and their families. The U.S. economy was in a strong place heading into 2020. Unemployment had reached record lows and wage growth was rising, especially for the lowest earners. This progress had just begun to address decades of diminished economic prospects for many American workers, particularly those who lacked a college education. Unfortunately, these recent gains proved fleeting for working families when COVID-19 upended the economy.

As we noted in the introduction, American workers faced many challenges even before the crisis. Labor force participation has been falling for more than half a century among working-age men. It has also stagnated for working-age women since the early 2000s.⁹ Racial disparity has remained a painfully consistent feature of the American economy. In good times and bad, the unemployment rate for Black workers has been nearly twice as high as for whites.¹⁰ Even for those with good-paying jobs, far too many have lacked the ability to take paid leave to care for children or other relatives.

9 U.S. Bureau of Labor Statistics, Labor Force Participation Rate, [retrieved from FRED](#), Federal Reserve Bank of St. Louis, accessed November 13, 2020.

10 U.S. Bureau of Labor Statistics, [Labor Force Statistics from the Current Population Survey](#), accessed November 13, 2020.

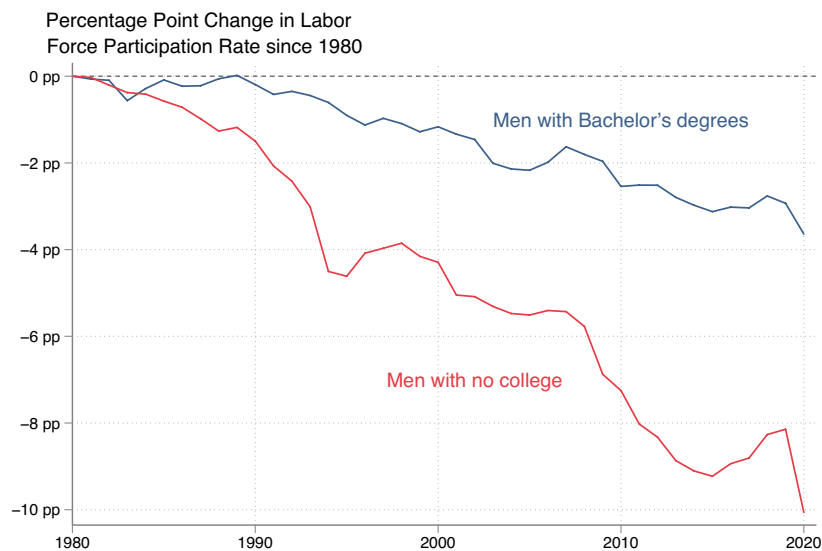
Meanwhile, access to quality education, and to higher education in particular, had emerged as a key driver of disparities in economic opportunity and security. As technological change alters the occupational landscape, too many workers lack the skills needed to adapt and thrive. Pell Grants are the federal government’s main source of need-based aid for postsecondary education—and a vital means of support for low-income students. But the amounts provided through this program have not kept pace with the rising cost of college, excluding many students or forcing them to take on excessive debt. Moreover, the fact that Pell Grants cannot be used for many short-term programs closes off other important avenues for skill development and social mobility.

The COVID-19 pandemic has clearly exacerbated all of these challenges and placed unprecedented strain on workers and household finances, while putting higher education even further out of reach for many low- and moderate-income families. To address these issues, policy initiatives are needed that target three overarching goals:

- Incentivize work, increase wages, and boost long-term economic mobility.
- Enable students and workers to develop the skills they need to succeed in the 21st-century labor market.
- Promote stable employment and family values by helping workers balance caregiving and employment obligations.

Our recommendations for near-term policy actions are summarized in the next section.

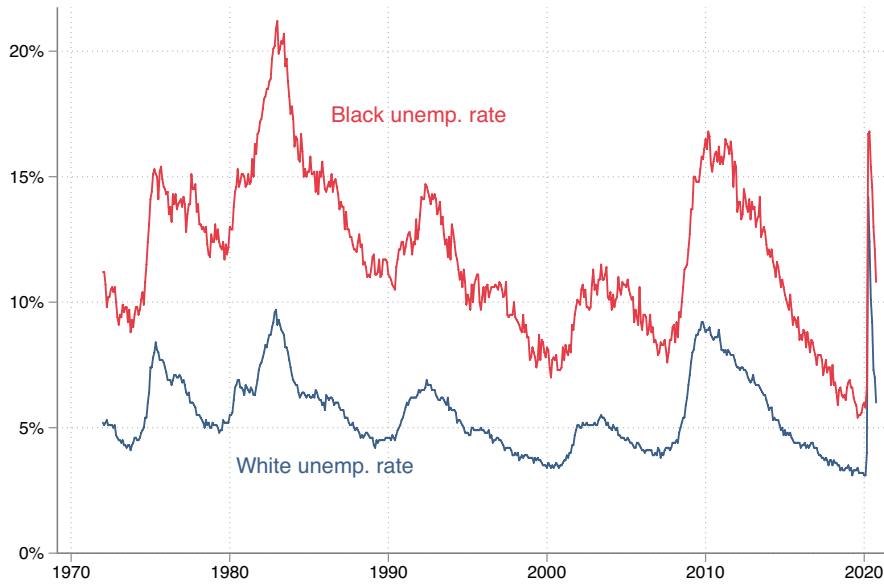
Men with Low Education Have Become Less Likely to Participate in the Labor Force



Note: Graph shows change since 1980 for men who are prime-age (i.e., ages 25-54). We focus on men because social changes increased the participation of women until the late 1990's. Men's participation is therefore a better gauge of purely economic changes. Since around 2000, the participation rate of low-education women has fallen as well.

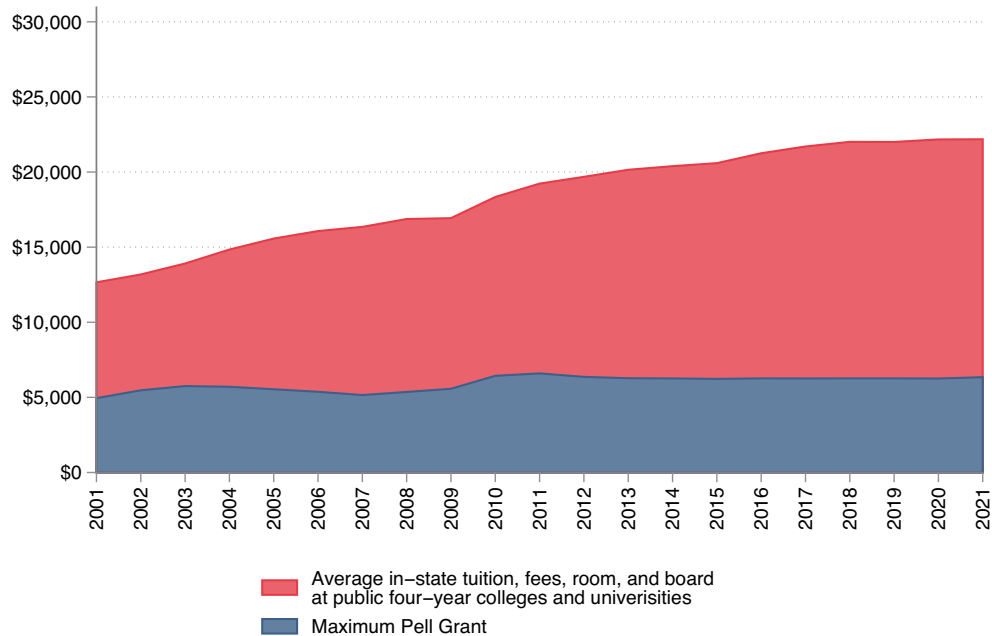
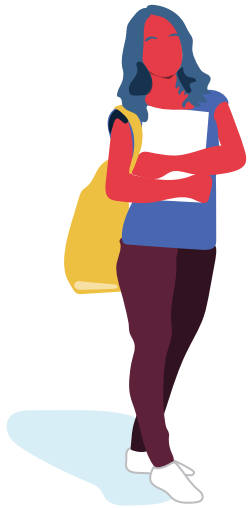
Source: Current Population Survey.

Unemployment Rate for Black Workers Persistently Higher Than for Whites



Source: U.S. Bureau of Labor Statistics, [Labor Force Statistics from the Current Population Survey](#), accessed November 13, 2020.

Pell Grants Have Failed to Keep Pace with Cost of College



Note: Constant 2020 dollars.

Source: College Board, ["Trends in Higher Education,"](#) November 2020.

PART 2: A NEAR-TERM POLICY AGENDA FOR SUPPORTING WORK AND EXPANDING OPPORTUNITY

BPC has developed three recommendations aimed at helping Americans access and keep the quality jobs they need to thrive:

1. Expand the Earned Income Tax Credit for childless workers.
2. Increase Pell Grant funding and broaden eligibility.
3. Extend and expand the emergency pandemic paid leave provisions.

Each recommendation is summarized below:

1. The Earned Income Tax Credit, or EITC, has long been one of the country's most effective safety net programs for families, but the program provides little support for low-wage workers without children. In 2020, childless adults could only receive a maximum EITC of \$538, compared to \$3,584 for a parent with one child. Increasing the EITC and lowering the age requirement from 25 for childless adults would provide immediate financial assistance to millions of low-wage workers struggling in today's economy while encouraging others to enter the labor force. The early years of a person's career are critical for building skills and labor force attachment. Expanding the EITC for childless individuals would target workers during these formative years—especially disadvantaged young men—and help them reach the first rung on the ladder of rising earnings.
2. The Pell Grant program, which is the federal government's main mechanism for providing need-based grant aid for higher education, has not kept pace with rising tuition costs. Expanding the program would increase access to postsecondary education and training, and to the potential for long-term economic advancement and social mobility that comes with increased skills. Specifically, a more generous maximum Pell Award would help more low- and middle-income families afford college and other educational opportunities. Restoring eligibility for incarcerated students would support a population that faces some of the steepest barriers to higher education. As labor market needs continue to evolve in response to trends in automation and the COVID-19 pandemic, it is also worth conducting pilot programs to see whether Pell Grants

can also be used as an effective means to help individuals gain high-quality, short-term credentials.

3. The emergency paid leave provisions enacted as part of the Families First Coronavirus Relief Act, or FFCRA, have helped families balance work with unprecedented burdens of caregiving and illness during the pandemic. FFCRA provided 10 weeks of paid family leave to parents affected by school or child care closures and 10 days of paid sick leave to those with COVID-19 or who are caring for a loved one with COVID-19. FFCRA's paid leave provisions, however, only apply to 25% of the workforce and are scheduled to lapse at the end of 2020.¹¹ As the labor market continues to rebound amid the ongoing pandemic, working families will face persistent challenges in managing caregiving responsibilities. Extending the FFCRA paid leave provisions into 2021 would ensure that caregivers and those who become ill have the flexibility and resources they need to return and remain connected to work in these uncertain times. Further, removing the 500-employee cap for companies subject to paid sick and paid family caregiving provisions and extending paid leave to new parents and to those providing care to vulnerable adult dependents would ensure that support reaches more of those in need.

Children and Families

PART 1: DEFINING THE PROBLEM

No group has more at stake in a rapid recovery from the current crisis than America's young children. This is both because children are uniquely vulnerable to the immediate effects of economic and social insecurity and because the advantages and disadvantages of unequal access to resources, education, and a nurturing environment compound over a lifetime. Research in early child development shows that the effects of being born into poverty are apparent at very young ages, well before children enter school;¹² other studies show that

11 Adrienne Schweer and Maggie Cordish, "Three Changes Congress Should Make Now to the Emergency Paid Leave Programs," [Bipartisan Policy Center](#), Statement to the Senate Committee on Finance, June 18, 2020.

12 Bipartisan Policy Center, "[A Bipartisan Case for Early Childhood Development](#)," October 2017.

parental income has become a stronger, rather than weaker, predictor of a child’s college attendance over time.¹³

These issues have taken on even greater urgency amid the economic fallout from COVID-19, particularly among people of color and among families in the bottom half of the income distribution. Prior to the pandemic, it was already the case that infants and toddlers were the age group most likely to be living in poverty and that rates of child poverty varied dramatically by race and ethnicity:¹⁴ In 2019, the poverty rate for Black children was three times higher than for whites.¹⁵ But the economic impacts of COVID-19 have further eroded the ability of many families to provide for their children and diminished access to crucial support services through child care and early education programs, schools, and other community institutions—all of which will have lasting impacts on the health and wellbeing of millions of young Americans.

A challenge for many working families—both before and during the pandemic — has been accessing the quality, affordable child care they need to find and maintain stable employment, and ensure their children are set up for success.¹⁶ In fact, the country has long faced a child care crisis that COVID-19 has only exacerbated: supply doesn’t meet demand, the cost to produce child care services exceeds what most parents can afford to pay, and providers have difficulty staying in business.¹⁷ This situation leaves many parents with young children out of the workforce and unable to provide for their families, deprives children of a safe and developmentally appropriate learning environment, and stifles business and economic growth.

At the same time, despite their importance, many child care workers, especially those who lack a college education, make near-poverty level wages and are less likely to receive benefits than the overall workforce.¹⁸ Just over half of teachers in child care centers have a

13 Lucas Chancel, “[Ten facts about inequality in advanced economies](#),” October 2019.

14 National Academies of Sciences, Engineering, and Medicine, “[A Roadmap to Reducing Child Poverty](#),” National Academies Press, 2019; U.S. Census Bureau, Historical Poverty Tables, accessed November 13, 2020.

15 Caroline Ratcliffe and Signe-Mary McKernan, “[Childhood Poverty Persistence: Facts and Consequences](#),” Urban Institute, June 2010.

16 Bipartisan Policy Center, [Parent Survey Resource Center](#), August 2020.

17 Linda Smith, Anubhav Bagley, and Ben Walters, “[Child Care in 25 States: What we know and don’t know](#),” Bipartisan Policy Center, October 2020.

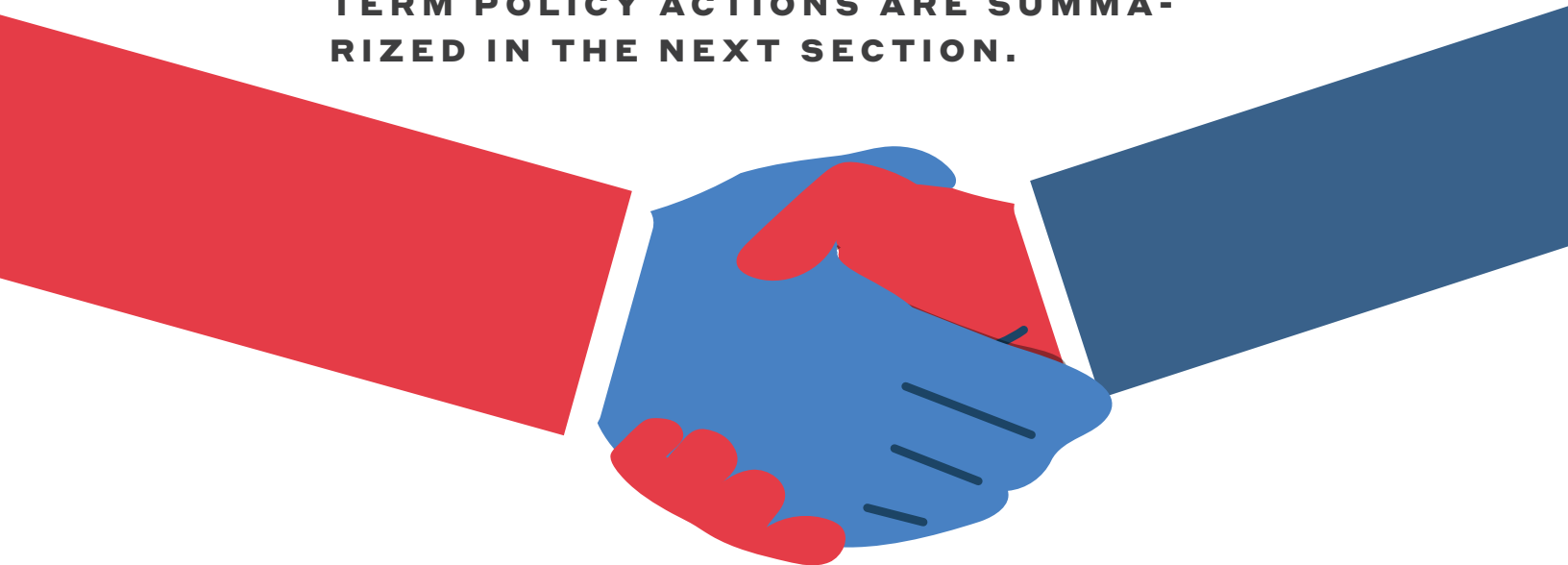
18 U.S. Bureau of Labor Statistics, [Occupational Employment and Wages](#), accessed

degree above a high-school level, and there is little assistance available to support their further education and training.¹⁹

Recognizing that America’s future success and wellbeing is inextricably tied to the success and wellbeing of its youngest citizens, policy initiatives are needed to advance three critical goals:

- Create a more equitable and high-quality child care system that meets the needs and preferences of all families—regardless of income, location, race, and ethnicity.
- Establish pathways for improving and supporting child care workers and business owners.
- Support the economic stability of low-income families with young children.

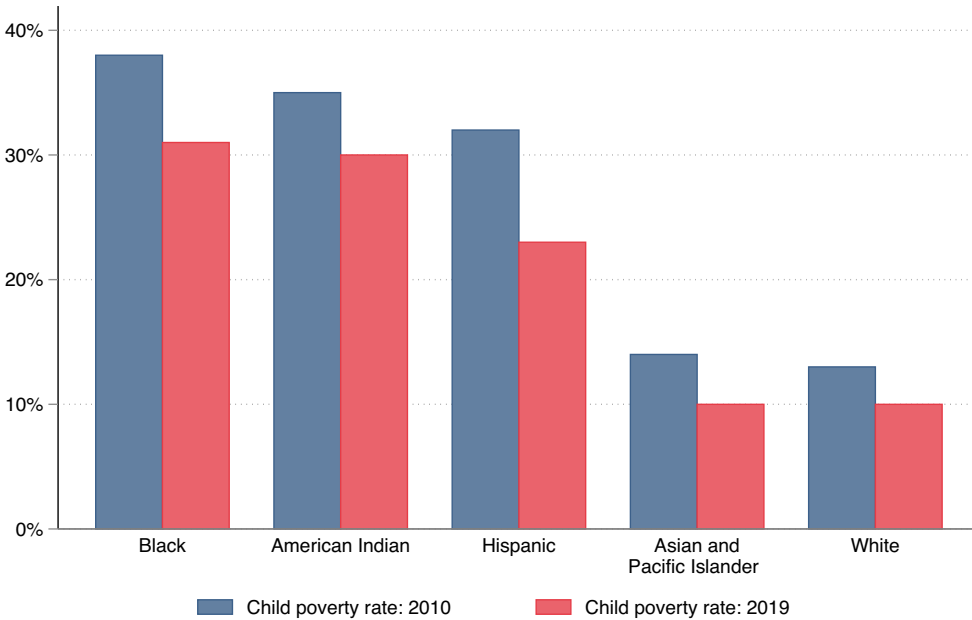
OUR RECOMMENDATIONS FOR NEAR-TERM POLICY ACTIONS ARE SUMMARIZED IN THE NEXT SECTION.



November 13, 2020; Caitlin McLean, Marcy Whitebook, and Eunice Roh, “[From Unlivable Wages to Just Pay for Early Educators](#),” Center for the Study of Child Care Employment, University of California, Berkeley, 2019.

19 “[Number and Characteristics of Early Care and Education \(ECE\) Teachers and Caregivers: Initial Findings from the National Survey of Early Care and Education \(NSECE\)](#),” NSECE Research Brief, Office of Planning, Evaluation, and Research, Administration for Children and Families, U.S. Department of Health and Human Services, October 2013; Kathlyn McHenry, [Supporting the Early Childhood Workforce](#),” Bipartisan Policy Center, July 2019; Bipartisan Policy Center, “[Registered Apprenticeships: A Viable Career Path for the Early Childhood Workforce](#),” September 2019.

Children of Color Are More Likely to Live in Poverty



Note: Children defined as younger than 18 years old. Poverty rate defined using the official poverty measure.

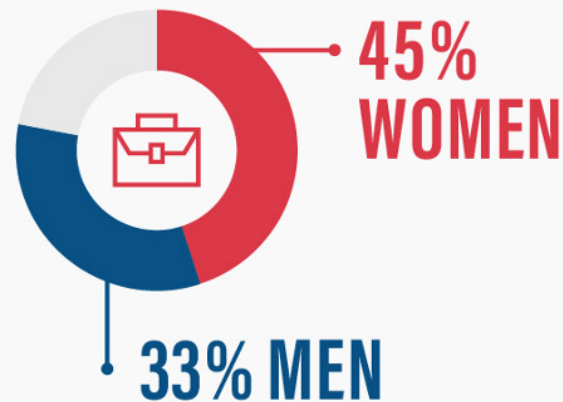
Source: Annie E. Casey Foundation, "[Children in poverty by race and ethnicity in the United States](#)," accessed November 2020.

Access to child care significantly impacts a parent's ability to find and keep a job in order to support their family

68% of parents say child care affected their ability to stay in the workforce

55% of parents have worked overtime in order to afford child care expenses

20% of parents say they have quit a job to stay at home with a child in order to afford child care expenses



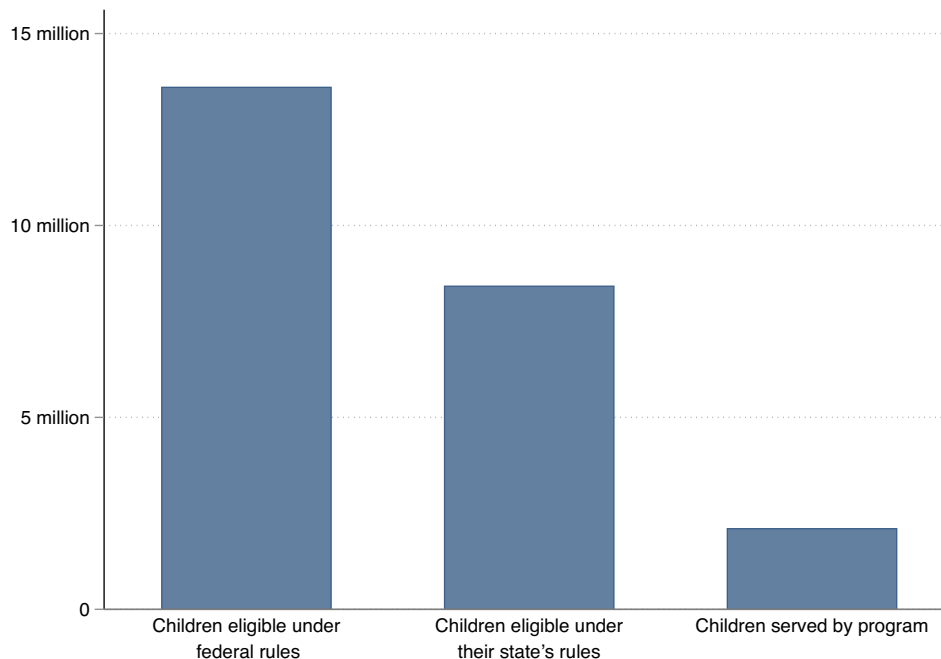
Women are more likely than men to say that finding a child care provider had a lot of an impact on staying in the workforce



Data are from 2019 and so predate the COVID-19 pandemic.

Source: Bipartisan Policy Center, "[Nationwide Child Care Poll: Child Care Costs Impact on Families' Employment, Savings, and Future Planning](#)," November 2019.

Child Care and Development Block Grant Helps Only Small Fraction of Eligible Children



Note: Families with household incomes at or below 85% of state median income are eligible for child care assistance through the CCDBG (although states may establish more restrictive eligibility criteria)

Source: Nina Chien, "[Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2015](#)," U.S. Department of Health & Human Services, January 2019.

PART 2: A NEAR-TERM POLICY AGENDA FOR SUPPORTING FAMILIES AND CHILDREN

BPC has developed three recommendations aimed at helping ensure all families have a chance to thrive and all children have the start in life they need to develop their full potential:

1. Increase funding for and expand access to high-quality child care through the Child Care and Development Block Grant.
2. Establish apprenticeship programs and family child care networks to support the child care profession.
3. Expand and enhance the value of the Child and Dependent Care Tax Credit and the Child Tax Credit.

Each recommendation is summarized below:

1. Increase funding for and expand access to high-quality child care through the Child Care and Development Block Grant. The Child Care and Development Block Grant, or CCDBG, provides federal funding to help low-income families access and afford child care. Despite the program's relative success in providing child care subsidies to low-income households, and despite recent funding

increases that have raised the program's overall budget to more than \$8 billion, fewer than 20% of families that are eligible under state rules currently receive CCDBG assistance.²⁰ Additional funding would help more parents access child care and begin to reduce the current mismatch between available resources and need. The fallout from COVID-19 has shattered an already fragile system in which care is difficult to find and unaffordable for too many parents. To the extent the pandemic leads to the permanent closure of child care programs, this difficult situation will grow even worse.²¹ Thus, as our nation recovers from the crisis, we must provide stabilization funding to ensure child care providers can remain in business so that parents can go back to work and help the economy rebound. At the same time, expanded investments are needed to improve the nation's child care infrastructure along with the quality and availability of child care services.

2. Child care workers have an undeniable impact on shaping a child's successful development—in that sense they are the “tomorrow's workforce.” (Of course, child care workers are also the workforce behind today's workforce, in the sense that many parents could not work without access to child care.) Although the skills, knowledge, and well-being of early childhood educators critically affect the quality of children's early learning experiences, many of these educators are paid near-poverty level wages and receive little assistance to support their individual education and training. In addition, few efforts have been made to improve the overall quality of their profession. Apprenticeship programs—well-established in other industries—present a promising and innovative road map for investing in the skills, knowledge, and compensation of the early childhood workforce, both for existing workers and to recruit a new generation of educators. Similarly, supporting the skills and business acumen of home-based teachers and providers would help the child care market build back stronger after the COVID-19 crisis. Congress should establish and support start-up programs for states to develop and accelerate apprenticeship programs as part of an early childhood career pathway, while also supporting family child care networks as a way to ensure this critical component

20 Linda Smith, Kathlyn McHenry, Megan Campbell, “[Congress is Delivering for Working Families: Early Childhood Funding Wins in FY 2020](#),” Bipartisan Policy Center, December 19, 2019; U.S. Government Accountability Office, “[Child Care: Access to Subsidies and Strategies to Manage Demand Vary Across States](#),” Report to Congressional Committees, December 2016.

21 Linda Smith, Kathlyn McHenry, Megan Campbell, “[Congress is Delivering for Working Families: Early Childhood Funding Wins in FY 2020](#),” Bipartisan Policy Center, December 19, 2019.

of the market can succeed—both now and in the post-COVID-19 economy.

3. Tax credits, such as the Child and Dependent Care Tax Credit (CDCTC) and the Child Tax Credit (CTC), provide financial relief to families with children, including helping them afford child care. A substantial body of research confirms the link between financial stability in a child's early years and their subsequent academic achievement, behavior problems, and mental health. The current design of these tax credits provides only limited support to the families that may be struggling most with the steep financial cost of raising children. These credits could be enhanced by better targeting benefits towards those with low or no income and by allowing families to receive at least a portion of the credit in periodic payments throughout the year rather than having to wait until the following tax season. Research consistently shows that expanding the CTC and the CDCTC for low-income families would dramatically reduce child poverty and provide low-income parents the resources they need to afford child-related expenses that support child development and improve child outcomes.

Conclusion

Our nation's federal policymaking process is trapped in a vicious and self-defeating cycle. Polarization has reduced legislative productivity, resulting in public mistrust and further polarization. The new Congress and president must move quickly to break this pattern of underachievement and start working together on behalf of the America people.

A pragmatic agenda to support and strengthen America's working families is a logical place to begin rediscovering the possibilities of bipartisanship. Republicans and Democrats alike understand that working families hold the key to America's future. The parties may diverge in their preferred solutions, but there's little disagreement that too many families are struggling—and not only because of the pandemic. The specific measures we propose are not without controversy, but they enjoy a history of broad support and can bring immediate relief to millions of households. Equally important, these measures will create new pathways for financial security, opportunity, and achievement.

Governing is a team sport; momentum matters. The Biden administration and a closely divided Congress must secure some early “wins” in the new year. Our nation is challenged, but not ungovernable. It is time we focus on shared values and begin the virtuous cycle of repairing our democracy.



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