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House Subcommittee on Labor, Health, and Human Services, Education, & Related Agencies Fiscal Year 2023 Appropriations

BPC knows high-quality child care builds a strong foundation for children and fundamentally supports the growth of their cognitive and social emotional development. There are more than 19 million children, or 27% of the U.S. population, under age 5 living in U.S. households and it is essential to both child development and a strong economic recovery that Congress ensure each of these children have access to high-quality child care.¹

This testimony addresses two high-priority issues crucial to stable and thriving high-quality child care in our country. First is that the cost of care, which often exceeds what many parents can afford, freezing families out of the market without any high-quality care options to the most vulnerable populations. Second, the nation is facing a shortage of safe and healthy child care facilities. BPC believes it is essential to address both needs concurrently or the demand for child care will be overwhelmed by the lack of supply. For these reasons, BPC urges the subcommittee to *double the discretionary funding for the Child Care Development Block Grant program (CCDBG), increase the Preschool Development Grant program (PDG) to \$450 million, and provide \$5 billion in dedicated funding to retrofit existing, and build new, child care facilities for FY 2023.*

Child Care Funding Fiscal Cliff

As the pandemic unfolded and impacted nearly every aspect of our lives, child care moved to the forefront of federal and state policy discussions. In a few short months, a program that had already been challenging for parents became a national crisis as essential workers needed to go to work, but child care was shuttering caused by loss of enrollment and lack of

¹ [Child population by age group in the United States | KIDS COUNT Data Center](#)

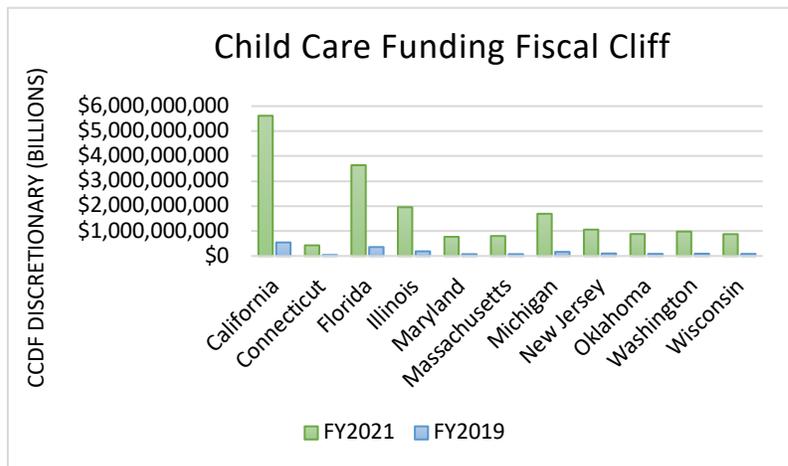


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stable funding. In response to the crisis, Congress provided three successive relief packages. In FY 2019, roughly \$5.4 billion in Child Care Development Funds (CCDF) were allocated across all 50 states and territories.² By FY 2021, total CCDF discretionary and emergency funding sat at approximately \$56 billion; a testament to Congress’s acknowledgement of the child care crisis faced by the nation, its ability to understand the broader impact child care has on the national economy and security, and a willingness to tackle the crisis by providing critical supports.³

The child care support provided by the successive relief packages were successful in aiding the national economic recovery. At the height of the pandemic, and prior to the passage of the Congressional relief packages, national unemployment reached 14.8%, the highest rate observed in more than seven decades.⁴ The child care sector’s ability to remain open to parents and families who remained in, or reentered, the workforce throughout the duration of a global crisis was critical. As of April 2022, unemployment has fallen more than 10 points and remains at a national average of 3.6%.⁵

Unfortunately, as the nation continues to navigate the immediate and long-term impacts of the pandemic, states are now struggling to confront the pending child care funding fiscal



² <https://www.acf.hhs.gov/occ/data/gy-2021-ccdf-allocations-based-appropriations>

³ Ibid.

⁴ <https://sgp.fas.org/crs/misc/R46554.pdf>

⁵ <https://www.bls.gov/news.release/pdf/empsit.pdf>



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cliff absent substantial increases in discretionary allocations. When emergency funds are expended, access to child care will be reduced and the nation will once again find itself in a similar position where supply is woefully insufficient to meet national demand. Lessons learned from the pandemic and the subsequent positive correlation of investing in child care to support a healthy economy cannot be overstated. If the country is to maintain a robust economy where families are empowered and not limited by access to child care, then Congress must continue to make critical investments – states cannot make the investments needed to meet demand alone.

Economic Impact of Child Care

While fundamental to the development of children, access to child care as the nation transitions away from remote work flexibility can either serve as a barrier or present opportunities for employment. In BPC’s 2021 report [“Child Care in 35 States: What we know and don’t know”](#) found that over 3.4 million children (31.2%) with all available parents in the work force do not have access to a formal child care slot.⁶ Our [survey data](#) shows the gap is highest among women with children under two. If the child care gap is not addressed, based on lost income to parents, businesses, and taxpayers, BPC estimates an economic loss across 35 states over the next 10-years to be between \$142.51 and \$217.02 billion.⁷

CCDBG and PDG

Increases for both CCDBG and PDG would provide added stability and capacity to serve a greater number of qualifying families in need through high-quality care. Not adjusted for inflation, if Congress were to double the discretionary funding for CCDBG, BPC estimates that

⁶ <https://bipartisanpolicy.org/report/child-care-gap/>

⁷ https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/11/BPC-Economic-Impact-Report_R01-1.pdf



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the U.S. Department of Health and Human Services (HHS) will likely be able to double the number of eligible children served. In addition to a greater investment for CCDBG, the increased funding for PDG will allow HHS to expand funding for the 28 states, Puerto Rico, and Guam which currently receive grants, as well as provide funding for almost all remaining states not currently funded.

BPC also urges Congress to authorize HHS and the Department of Education to allow Large Tribes to apply for PDG funding. Large Tribes, including the Muscogee Creek Nation of Oklahoma, are responsible for overseeing access to and delivery of early learning programming for as many as 53,354 children aged 0-4 years - a number greater than some states – yet are still not eligible for PDG support. BPC believes it is critical Congress address its systemic underfunding for AI/AN populations which begins with ensuring Large Tribes have equitable access to PDG funding.

Child Care Facilities

Approximately 129,000 center-based child care programs serve nearly 7 million children in the United States, and 1 million in-home providers care for 2.7 million children.⁸ However, many children might not have access to services that promote early learning. Instead, they may be exposed to health and safety issues including lead, mold, dust, or other environmental pollutants that could cause long-term health developmental consequences.

While investments in facilities are critical, they are often not feasible for providers who are operating within a broken system and razor-thin profit margins. Consequently, providers do not have the capital to fund investments that prioritize facility-related repairs. Lack of capital is

⁸ [National Survey of Early Care and Education of 2012 \(NSECE 2012\) | The Administration for Children and Families \(hhs.gov\)](https://www.hhs.gov/ncse/early-care-and-education-2012)



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exacerbated by gender- and race-based discriminatory small business lending practices and compounded by the fact that more than 90% of child care businesses are women-owned and over half of the industry is minority-owned.⁹ Without the support of Congress, child care businesses will be unable to provide the necessary investments and parents, especially those in rural areas, will be denied access to care.

BPC estimates a total of \$25 billion over a 5-year period is needed to address critical facility needs. Beginning with \$5 billion for FY 2023, an estimated \$14 billion of the \$25 billion is needed to renovate existing facilities across the country to bring them up to professional standards with the remaining \$11 billion contributing to increasing the supply of new facilities. This will result in 12,600 new center- and home-based child care facilities, an additional 656,000 additional child care slots and has the potential to reduce the number of children without access to care by 12%.

Conclusion

Increasing child care funding in FY 2023 is vital to the economic and social fabric of our nation. After two years of living through endless challenges, unprecedented barriers to delivery of care, and exacerbated by the COVID-19 pandemic, the nation recognizes the value of child care and the key role Congress plays in supporting families. Congress must provide a stable foundation for the child care system, which is a pillar of a strong national recovery. BPC appreciates the subcommittee's bipartisan leadership and dedication to child care over the past two years and looks forward to working together to improve our systems to better serve children and families.

⁹ <https://cdn.advocacy.sba.gov/wp-content/uploads/2016/09/07141514/Minority-Owned-Businesses-in-the-US.pdf>