

Testimony before the United States Senate Committee on Banking, Housing, and Urban Affairs  
Subcommittee on Economic Policy

“The Role of Child Care in an Equitable Post-Pandemic Economy”

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Chair Warren, Ranking Member Kennedy, and members of the committee, thank you for the opportunity to testify today. I have spent most of my career focused on policies to improve upward economic mobility and to support working families, including paid parental leave and child care.

In the testimony that follows, I will discuss the economic impact of child care for parents and children, review the current policy landscape and proposals for reform, and turn to policy principles and recommendations.

*I. The child care challenges facing American families*

To understand the child care challenges that face working families, it is helpful to consider the dramatic evolution of work and family over the last sixty years. Since 1960, the share of U.S. households headed by single parents has more than tripled, with unmarried parents now representing approximately one-third of American households.<sup>1</sup> The majority of women participate in the labor force, and mothers are now the sole or main breadwinners in 40 percent of American families, according to the Pew Research Center.<sup>2</sup> Globalization and technological advances have depressed wage growth for America’s low-wage workers relative to higher earners.<sup>3</sup>

This has created new tensions around work and care that public policy and markets have failed to adequately address. In particular, access to affordable and high-quality child care is out of reach for many families. Child care costs are higher than the costs of college, food, and housing in many parts of the country.<sup>4</sup> For parents living in poverty, child care costs can consume up to 30 percent (or more) of their monthly income.<sup>5</sup> Research by the Center for American Progress has identified what it deems “child care deserts”—areas where there is little or no access to licensed

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<sup>1</sup> Pew Research Center, “The American Family Today,” 2015, <https://www.pewresearch.org/social-trends/2015/12/17/1-the-american-family-today/>

<sup>2</sup> Pew Research Center, “In four in ten families, mom is the primary breadwinner,” 2015, [https://www.pewresearch.org/social-trends/2015/12/17/parenting-in-america/st\\_2015-12-17\\_parenting-20/](https://www.pewresearch.org/social-trends/2015/12/17/parenting-in-america/st_2015-12-17_parenting-20/)

<sup>3</sup> Brookings Institute, “Middle Class Income and Wages,” <https://www.brookings.edu/blog/brookings-now/2020/01/24/charts-of-the-week-middle-class-income-and-wages/>

<sup>4</sup> Childcare Aware of America, “The US and the High Price of Childcare: 2019 Report.” <https://www.childcareaware.org/our-issues/research/the-us-and-the-high-price-of-child-care-2019/>

<sup>5</sup> Lynda Laughlin, Who’s Minding the Kids? Child Care Arrangements: Spring 2011 (US Department of Commerce, April 2, 2013), [www.census.gov/prod/2013pubs/p70-135.pdf](http://www.census.gov/prod/2013pubs/p70-135.pdf)

child care providers.<sup>6</sup> Providing high quality care inside the home is also difficult. For many families, it is not financially possible for a parent to be the primary caregiver for their child even in the first few weeks of life, let alone in the years before a child reaches elementary school. A Department of Labor study found that one in four women return to work within two weeks of giving birth, and few fathers take any time off at all.<sup>7</sup>

Lack of access to affordable, high-quality child care exerts pressure on the economy in two main ways: First, it impacts parents' economic opportunity. There is a large literature showing that high child care costs are associated with less work among mothers. In a review of the literature, economist Jean Kimmel found that a 10% increase in child-care costs is associated with a 2.0% to 7.4% decrease in women's employment.<sup>8</sup> Policies that offset child care costs are associated with increased employment and reduced dependence on government welfare. Using data from the 1999 National Survey of America's Families, David Blau and Erdal Tekin found that child-care subsidies for welfare recipients resulted in a 13-percentage-point increase in the likelihood of employment for single mothers.<sup>9</sup> Another study found that the introduction of subsidized child care in Quebec in the late 1990s resulted in a significant employment boost for married women.<sup>10</sup>

The high cost of care likely impacts childbearing rates, reducing the size of the future labor force. A recent New York Times survey found that the most common reason young adults are having fewer children is that "child care is too expensive" (64 percent of respondents).<sup>11</sup> Lack of paid parental leave is associated with an uptick in welfare use for new mothers and reduced wages upon returning to work.<sup>12</sup> According to Francine D. Blau and Lawrence M. Kahn, about 28 percent of the decline in female labor force participation in America relative to other countries in the Organisation for Economic Co-operation and Development (OECD) can be explained by the nation's lack of family-friendly workplace policies, including paid parental leave and child care.<sup>13</sup>

Second, lack of access to high-quality care - both inside the home and outside of it - impacts children's economic outcomes. While all children would benefit from high quality care in their early developmental years, it is least available for disadvantaged children whose families often

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<sup>6</sup> Aparna Mathur and Abby McCloskey, "The American Dream in 2020," AEI Paper <https://www.aei.org/research-products/report/the-american-dream-in-2020-how-to-strengthen-it/>

<sup>7</sup> AEI-Brookings, "Paid Leave an Issue Whose Time Has Come," 2017, <https://www.aei.org/research-products/report/paid-family-and-medical-leave-an-issue-whose-time-has-come/>

<sup>8</sup> Aparna Mathur and Abby McCloskey, "How To Improve Economic Opportunity for Women," AEI Research Paper, 2014, [https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women\\_120143477839.pdf?x91208](https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women_120143477839.pdf?x91208)

<sup>9</sup> David Blau and Erdal Tekin, "The Determinants and Consequences of Child Care Subsidies for Single Mothers," *Journal of Population Economics* 20, no. 4 (May 2003): 719–41.

<sup>10</sup> Michael Baker, Jonathan Gruber, and Kevin Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," *Journal of Political Economy* 116, no. 4 (2008): 709–45.

<sup>11</sup> Claire Cain Miller, "Americans Are Having Fewer Babies. They Told Us Why.," *New York Times*, July 5, 2018, <https://www.nytimes.com/2018/07/05/upshot/americans-are-having-fewer-babies-they-told-us-why.html>

<sup>12</sup> AEI-Brookings, "Paid Leave an Issue Whose Time Has Come," 2017, <https://www.aei.org/research-products/report/paid-family-and-medical-leave-an-issue-whose-time-has-come/>

<sup>13</sup> *Ibid.*

can neither afford high-quality care options outside the home nor do they have access to such options inside the home.

Research pioneered by Nobel-prize winning economist James Heckman has found that investment in early childhood care for disadvantaged families has lifelong economic implications for children, impacting their health, education, and professional outcomes.<sup>14</sup> His research has primarily centered around two intensive and highly-targeted early childhood development programs - the Perry Preschool Project and the Carolina Abecedarian Project - which focused on low-income Black children and their families in the 1960s and 1970s, providing in-home coaching and wraparound services in addition to high-quality preschool.

Heckman's most recent research found that these gains continued across generations, with improvements in education, employment, crime, school suspensions and health for the *children* of those who had participated in the Perry Preschool Project.<sup>15</sup> This suggests that investments in early childhood care and education, properly structured and targeted, could be a critical tool to unlock intergenerational upward mobility and economic opportunity. Furthermore, investments in early childhood have shown greater gains in economic opportunity than investments in adolescence and adulthood, suggesting that we would benefit from shifting our policy interventions to earlier in life.<sup>16</sup>

## *II. Current policy landscape*

The current policy landscape for child care is far from bare. Many government programs subsidize child care; however, none provide comprehensive support.

The Child Care and Development Fund (CCDF) is administered by the Department of Health and Human Services and provides block grants to the states to assist low-income families in attaining child care for children under the age of 13. Federal law states that children are eligible for services under CCDF if their family income is at or below 85 percent of the state median income; however, the majority of states set eligibility limits below that. Families currently on welfare, specifically Temporary Assistance for Needy Families (TANF), are usually given priority for the funds, leaving low-income families on the verge of welfare without service.<sup>17</sup> Economists Mezey, Schumacher, and Greeberg found that fewer than 30 percent of those leaving

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<sup>14</sup> James Heckman, "Invest in Early Childhood Development,"

[https://heckmanequation.org/www/assets/2013/07/F\\_HeckmanDeficitPieceCUSTOM-Generic\\_052714-3-1.pdf](https://heckmanequation.org/www/assets/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf)

<sup>15</sup> Heckman, James, and Ganesh Karapakula. "Intergenerational and Intragenerational Externalities of the Perry Preschool Project," 2019.

<sup>16</sup> James Heckman, "Catch 'em Young," Wall Street Journal, 2006,

<https://www.wsj.com/articles/SB113686119611542381>

<sup>17</sup> Aparna Mathur and Abby McCloskey, "How To Improve Economic Opportunity for Women," AEI Research Paper, 2014, [https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women\\_120143477839.pdf?x91208](https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women_120143477839.pdf?x91208)

welfare were receiving a child care subsidy.<sup>18</sup> A 2021 GAO report found that only 4 percent to 18 percent of federally eligible children were receiving CCDF subsidies.<sup>19</sup>

The Child and Dependent Care Tax Credit provides a nonrefundable tax credit ranging from 20 to 35 percent for eligible child care costs; costs that are capped at \$3,000 for one child and \$6,000 for two or more children (this was temporarily increased \$8,000 and \$16,000 and made refundable as part of pandemic relief). The permanent limits are only 1.5 times the 1976 values, considerably less than the rate of inflation or the growth in child care costs. And the credit is nonrefundable, which presents a challenge for low-income families who might not have income tax liability against which to claim the credit.

There is also an employer-based child care tax exclusion. Under this exclusion, employees can set aside \$5,000 from their pretax salary for child care expenses. Employers can choose whether or not to offer the exclusion. Higher-income families generally benefit more from the exclusion, since the excluded income avoids both income and payroll taxes.

Several other government support programs may offset the cost of child care, albeit indirectly. For example, the Child Tax Credit is a tax credit of up to \$2,000 per child under the age of 17 (temporarily increased to \$3,600 per child under age 6 from pandemic-related legislation). Presumably, this could be used to offset some of the costs of child care, but mostly for middle-class families with tax liabilities. The Tax Policy Center found that families in the bottom quintile are the least likely to receive a credit, and when they do, it is smaller than for higher income families because the credit is not fully refundable.<sup>20</sup> Additionally, the Earned Income Tax Credit (EITC) may be used to offset child care-related expenses for low-income families, although it need not be used for this purpose.

Last but not least, the Head Start program is the nation's largest federal program providing early childhood education for disadvantaged 3 and 4 year olds. Results on the efficacy of Head Start program have been mixed, with some studies showing positive effects and others finding that gains fade over time.<sup>21</sup> Moreover, in the same way that the quality of K-12 schools varies widely across the country, the quality of various Head Start programs also varies widely. A 2013 National Institute for Early Education study found that 60 percent of Head Start centers were rated as medium to low quality, with Black children overrepresented in lower quality programs.<sup>22</sup>

### *III. Current proposals for reform*

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<sup>18</sup> Jennifer Mezey, Mark Greenberg, and Rachel Schumacher, *The Vast Majority of Federally-Eligible Children Did Not Receive Child Care Assistance in FY 2000* (Center for Law and Social Policy, October 2002), [www.clasp.org/resources-and-publications/archive/0108.pdf](http://www.clasp.org/resources-and-publications/archive/0108.pdf)

<sup>19</sup> GAO, "Child Care Eligibility and Receipt, and Waitlist," 2021, <https://www.gao.gov/products/gao-21-245r>

<sup>20</sup> Tax Policy Center, "Tax Policy Center Briefing Book," 2018, [https://www.taxpolicycenter.org/sites/default/files/briefing-book/taxes\\_and\\_the\\_family.pdf](https://www.taxpolicycenter.org/sites/default/files/briefing-book/taxes_and_the_family.pdf)

<sup>21</sup> HHS, "Head Start Impact Report," 2010, <https://www.acf.hhs.gov/opre/report/head-start-impact-study-final-report-executive-summary>

<sup>22</sup> Katharine Stevens and Elizabeth English, "Does Pre-K Work?" AEI Paper, 2016, <https://www.aei.org/wp-content/uploads/2016/04/Does-Pre-K-Work.pdf?x91208>

Even in our polarized political climate, the challenges of access to high-quality child care are widely recognized. As such, there have been a number of proposals put forward by political leaders across the ideological spectrum to improve investments in child care.

On the political Right, many of these proposals have involved shifting the timing of existing tax credits (Child Tax Credit) or retirement benefits (Social Security) to be accessed upon having young children in order to help cover the cost of paid leave or child care; setting up tax-advantaged savings accounts to be used for pregnancy, paid leave, or child care expenses, and; providing tax credits to companies that provide family-friendly policies, such as paid family leave. While these policies benefit from having a small spending footprint - an important consideration in our current fiscal environment - they keep early childhood care an undersized share of our overall federal portfolio and would provide limited support to the neediest families who would not benefit from non-refundable tax credits or tax-advantaged accounts.

On the political Left, efforts have largely centered around the creation of large new public programs, such as universal child care or universal pre-K. Recently, President Biden put forward the *American Families Plan*, which among other provisions, includes universal preschool for 3 and 4 year olds, a larger and refundable Child and Dependent Care Tax Credit, an expanded Child Tax Credit, a \$15 minimum wage, and a national 12-week paid leave policy for family and medical reasons. Too often these proposals overlook the existing policies that are in place, come at a tremendous cost to taxpayers (and the future generations likely to pay for our historic debt burden), and go beyond what research suggests would be most beneficial for parents and children. Proposals for universal public preschool at times seem to overlook the emergent issues in our public K-12 system, which is falling behind our global peers, or Head Start where results have been less robust than in more targeted programs. We shouldn't add to the system without trying to better understand how to make the existing one work better.

Other reforms have focused on increasing pay and benefits for child care providers. On average, the median hourly wage for child care workers was \$10.72 in 2017, and half of child care workers are on a public assistance program relative to 21% for the workforce.<sup>23</sup> Increased opportunities for skills-attainment would help to support higher wages and professional advancement for care providers. Multiple states - including West Virginia, Pennsylvania, and Colorado - have begun to implement registered apprenticeship programs for early childhood educators. These programs provide early childhood educators with on-the-job training and a career pathway to improve their knowledge and skills. They create more opportunities for workers to move into roles of greater responsibility and pay, a virtuous cycle resulting in higher quality care.<sup>24</sup>

Mandating higher wages and benefits may inadvertently reduce the number of care providers that centers can employ further contributing to the shortage of care. Increased costs are also likely to be passed onto parents, many of whom are low-wage earners themselves and already struggling with access and affordability of care. According to the Center for American Progress, more than

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<sup>23</sup> Bipartisan Policy Center, "Registered Apprenticeships: A Viable Career Path for Early Childhood Educators," 2019, [https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2019/09/BPC\\_Early\\_Childhood\\_Issue\\_Brief\\_RV4.pdf](https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2019/09/BPC_Early_Childhood_Issue_Brief_RV4.pdf)

<sup>24</sup> Ibid.

half of Hispanic families live in child care deserts, and the cost of center-based child care for two young children consumes 56% of median household income for Black families.”<sup>25</sup> Higher care costs could result in at-risk families moving to lower quality or informal care providers or needing to leave the labor force entirely. For entry-level care providers, wage support through programs such as the EITC and a tightening labor market from economic growth would boost wages without limiting the supply of care.

While proposed policy solutions differ widely, there is bipartisan recognition of the need for reform and a recognition of the economic benefits from high quality care for parents and children. This suggests that there is a way forward that could garner broad support.

#### *IV. Principles and recommendations for moving forward*

As policymakers weigh varying investments in early childhood care in the post-pandemic economy, I’d like to put forward five principles to guide the discussion to common ground:

1. *The benefits of high-quality early childhood investment are most pronounced for disadvantaged children and their parents. We should focus our investment here.*

The literature shows tremendous gains from targeted care investments for disadvantaged children. As stated earlier, Heckman has found 7 percent to 13 percent annual return on investment from early childhood interventions in economically-disadvantaged families, including improved educational and career prospects as well as reduced health and criminal expenses.<sup>26</sup> Recent research by Heckman and others has found that the children of those who attended such programs also exhibit improved outcomes, suggesting that investment in early childhood education could be an unlock for intergenerational economic opportunity.<sup>27</sup> This could be particularly powerful if paired with economist Raj Chetty’s research on upward mobility to target early childhood interventions by neighborhood.

In contrast, the research on universal child care and preschool programs is mixed. Some studies have found negative effects when full-time, center based care becomes the norm and other care solutions are removed. For example, Quebec’s universal child care program has been associated with negative outcomes for children on a variety of behavioral and health dimensions, including increased aggression, physical illness, and lower quality parental relationships.<sup>28</sup> Other studies, including a 2021 NBER working paper on the effects of universal preschool in Boston have found improvements in college-going, college preparation, standardized test scores, and

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<sup>25</sup> Center for American Progress, “How Child Care Disruptions Hurt Parents of Color The Most,” 2020, <https://www.americanprogress.org/issues/early-childhood/news/2020/06/29/486977/child-care-disruptions-hurt-parents-color/>

<sup>26</sup> James Heckman, “Invest in Early Childhood Development,” [https://heckmanequation.org/www/assets/2013/07/F\\_HeckmanDeficitPieceCUSTOM-Generic\\_052714-3-1.pdf](https://heckmanequation.org/www/assets/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf)

<sup>27</sup> Heckman, James, and Ganesh Karapakula. “Intergenerational and Intragenerational Externalities of the Perry Preschool Project,” 2019.

<sup>28</sup> Michael Baker, Jonathan Gruber, and Kevin Milligan, “Universal Childcare, Maternal Labor Supply, and Family Well-Being,” *Journal of Political Economy* 11, no. 4 (2008): 709–45.

behavioral outcomes from access to pre-K.<sup>29</sup> This suggests universal pre-K and universal child care are an overreach relative to the current evidence base, and resources are best targeted towards at-risk families.

2. *Policymakers should seek to maximize care options for parents instead of one-size fit all solutions.*

While there is a strong case for public investment in early childhood care for disadvantaged families, this does not translate to a one-size-fits-all public program. Child care needs and values vary widely. As such, policymakers should seek to create more care options for families, rather than fewer.

One of the most promising channels for reform in the child care space is an expansion of the Child and Dependent Care Tax Credit, such as that proposed by President Biden in the *American Families Plan*, and along the lines of what I've proposed with my former colleagues Aparna Mathur and Angela Rachidi at the American Enterprise Institute.<sup>30</sup> Tax credits for child care can be thought of as a school choice program for early childhood care and education. Parents who need care outside of the home can choose to send their children to center-based care, help pay for a nanny, enroll their children in a religious program, a dual language class, all of which could be full-time, or part-time, or something in between. An expanded CDCTC would allow for a proliferation of different types of programs in response to parental preferences and negate the need for a universal, public program. A refundable credit would benefit low-income families, for whom child care costs are a barrier to work and high-quality care outside the home is financially prohibitive.

Some have argued that offsetting child care expenses pushes parents into the labor force and away from the home. This overlooks the costs of working, such as payroll and income taxes that working parents incur and stay-at-home parents do not.

3. *New programs should take into account existing programs and make sure new spending is paid for.*

We must be judicious with our spending priorities as well as with our pay-fors. The federal debt is already at historic levels and that's before an infrastructure package or any further government spending. Federal debt held by the public is equal to the size of our entire GDP.<sup>31</sup> Moreover, we are not starting from scratch in the child care space. As outlined in Section II, there are child care block grants to the states, Head Start, the Child and Dependent Care Tax Credit, the Child Tax Credit, tax credits to employers and more.

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<sup>29</sup> Guthrie Gray-Lobe, Parag A. Pathak, Christopher R. Walters, "The Long-Term Effects of Universal Preschool in Boston," 2021, <http://www.nber.org/papers/w28756>

<sup>30</sup> Aparna Mathur and Abby McCloskey, "Fostering Upward Economic Mobility in the United States," AEI Research Paper, 2014, [https://www.aei.org/wp-content/uploads/2014/04/-fostering-upward-economic-mobility-in-the-united-states\\_151727618007.pdf?x91208](https://www.aei.org/wp-content/uploads/2014/04/-fostering-upward-economic-mobility-in-the-united-states_151727618007.pdf?x91208)

<sup>31</sup> CBO, "The Budget and Economic Outlook: 2021-2031," <https://www.cbo.gov/publication/56991>

New programs should seek to rationalize the existing landscape of federal and state policy to prevent duplication, waste, and overlap. For example, an expansion of the Child and Dependent Tax Credit could be paired with a streamlining of existing policies. In our AEI paper, “Improving Economic Opportunity for Women,” Mathur and I propose substantially increasing the amount of the CDCTC and making it refundable. This would reduce the need for CCDF and employer-sponsored tax credits, making child care support available regardless of employer options or state policies.<sup>32</sup> While all of us would appreciate an offset in child care costs or a child allowance expansion, it is particularly important for low-income and disadvantaged families; this suggests that we should have a relatively tight income limit on tax credit eligibility.

Some have argued that investments in care programs would pay for themselves given that society is already bearing the burden of underinvestment in early childhood. Importantly, this has not been the case with our existing public preschool programs, even those targeted towards at-risk children, such as Head Start. In the words of Heckman, “there is little basis for providing universal programs at zero cost.”<sup>33</sup>

4. *We should make it easier for parents to spend time with infants.*

While much of the discussion on child care focuses on care outside the home, care inside the home is vitally important. In her book, What Children Need, Columbia University economist Jane Waldfogel finds that a parent being actively present during the first year of a child’s life is linked to a host of positive emotional, physical, and mental health outcomes for children.

Yet the status quo makes it very difficult for parents to spend this critical time with their children, especially low-income parents who have a thin financial margin and lack access to benefits such as paid leave from their employers. Fewer than one in five workers have access to paid parental leave from their employers, and 40% of workers lack job protection following the birth of a child.<sup>34</sup> As a result, one in four mothers returns to work within two weeks after having a child, and many fathers take no time off of work at all.<sup>35</sup> The impact is significant, from reduced rates of breastfeeding to one of the highest rates of neonatal fatalities in the developed world.<sup>36</sup>

A modest federal paid parental leave policy would protect those early weeks between parents and infants and has been supported by the bipartisan AEI-Brookings paid leave working group (in which I’m a member).<sup>37</sup> While there have been calls for more expansive leave packages for family and medical purposes, the most pronounced benefits in the paid leave literature accrue

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<sup>32</sup> Aparna Mathur and Abby McCloskey, “How To Improve Economic Opportunity for Women,” AEI Research Paper, 2014, [https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women\\_120143477839.pdf?x91208](https://www.aei.org/wp-content/uploads/2014/07/-how-to-improve-economic-opportunity-for-women_120143477839.pdf?x91208)

<sup>33</sup> James Heckman, “Catch ‘em Young,” Wall Street Journal, 2006, <https://www.wsj.com/articles/SB113686119611542381>

<sup>34</sup> AEI-Brookings, “Paid Leave an Issue Whose Time Has Come,” 2017, <https://www.aei.org/research-products/report/paid-family-and-medical-leave-an-issue-whose-time-has-come/>

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.



from paid parental leave. As such, we should unbundle this from the other leave policies and prioritize its implementation.

Boosting wages through wage subsidies such as the Earned Income Tax Credit and economic growth also would allow parents to scale back hours to spend more time at home, while helping to ensure that one or both parents remain attached to the labor force. Additionally, the most successful early childhood care interventions have also been paired with in-home visits and parental coaching, suggesting that care inside the home and outside of it are dynamic complements, and the latter does not negate the former.<sup>38</sup>

*5. We should address the supply side of care to bring down costs.*

One potential contributor to heightened child care costs is the decline in the supply of providers. A 2019 report noted a 35 percent decline in small family child care providers from 2011 to 2017 and a concurrent decline in large family care providers by 8 percent.<sup>39</sup> This could, in part, be the result of child care regulation. As with occupational licensing measures, safety and quality standards are crucial; however, overly burdensome restrictions that may prevent otherwise qualified care providers from entering the market.<sup>40</sup> Therefore, a care package should include incentives for states to streamline their care regulations to ensure children are receiving optimal care and other burdens are removed so that consumers (i.e., parents) do not wind up paying the high price.

Additionally, more attention is needed to increase the supply, retention, and advancement of care providers. As discussed in Section IV, apprenticeships and vocational training for care providers are promising solutions to increase the supply of caregivers, as well as improve their skills and wages. Multiple states have begun experimenting with access to registered apprenticeship programs for early childhood educators.

*V. Conclusion*

To conclude, child care impacts the economy through parental participation in the labor force as well as children's developmental outcomes. These impacts are particularly pronounced for disadvantaged families. While there are many existing government programs that seek to offset child care costs and increase access to care, these programs are not comprehensive and have left out many low-income families. As policymakers weigh how to improve the child care landscape in the post-pandemic economy, investments in early childhood care for at-risk families should be at the core of federal child care policy given their well-documented record of generating significant economic returns, upward mobility, and improved labor force attachment. New programs should take into account existing policy and seek to create more options for high-quality care - both inside the home and outside of it - instead of one-size-fits-all solutions.

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<sup>38</sup> James Heckman, "Invest in Early Childhood Development," [https://heckmanequation.org/www/assets/2013/07/F\\_HeckmanDeficitPieceCUSTOM-Generic\\_052714-3-1.pdf](https://heckmanequation.org/www/assets/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf)

<sup>39</sup> Aparna Mathur and Abby McCloskey, "The American Dream in 2020," AEI Paper <https://www.aei.org/research-products/report/the-american-dream-in-2020-how-to-strengthen-it/>

<sup>40</sup> Ibid.