Thank you for convening a hearing on this crucial topic. The Center for Law and Social Policy (CLASP) is grateful for the opportunity to submit this statement for the record of the hearing 'In Their Own Words: Paid Leave, Child Care, and an Economy that Failed Women' held by the U.S. House Committee on Ways and Means on April 21, 2021.

CLASP is a national, non-partisan, anti-poverty organization that has advocated for policy solutions that support the needs of people with low incomes for over 50 years. We develop practical yet visionary strategies for reducing poverty, promoting economic opportunity, and addressing barriers faced by people of color. We work at the federal, state, and local levels to fight poverty and promote racial equity. CLASP has deep expertise on child care and early education and paid family and medical leave policies, including those that most effectively support women in households with low incomes.

As your witnesses testified, the absence of a permanent, national paid family and medical leave policy and the lack of affordable, quality child care created innumerable challenges for parents and workers during the COVID-19 pandemic, and most significantly for women. The witnesses also testified regarding what CLASP knows to be true: these challenges were greatly exacerbated—but not caused—by the pandemic. Yet, the pandemic has shone a light on how critical these policies are while also illuminating the historic gaps in our policies that continue to subjugate women and people of color to second-class citizens. For our country to equitably recover from the public health and economic crises, we must ensure that all families—especially people of color, those in low-wage or gig industries, and immigrants on a path to citizenship—have access to affordable child care and all workers have permanent paid family and medical leave.¹

The Urgent Need for Paid Family and Medical Leave

The Consequences of a Lack of Paid Leave on Working Families

The COVID-19 pandemic has made it clear that everyone will face sickness, or the sickness of a loved one, at some point in their life. Despite the clear evidence for this need, only 19
percent of workers in the United States have access to paid family leave. Without access to paid leave, workers are forced to choose between caring for themselves or loved ones and putting food on the table or making rent. This impossible choice often leads to work and income instability, or worse: one in seven low-paid workers, and one in five low-paid working mothers report losing a job because of illness or the need to care for a family member. And if a worker does take leave, it is usually unpaid leave, which leaves them facing the loss of necessary income during an already stressful time for their families. Families lose an estimated $22.5 billion dollars per year due to inadequate paid leave, and the economy loses trillions in GDP when women’s labor force participation is reduced.

Without access to paid leave, workers either go to work sick and risk worsening their illness or spreading it to coworkers; or, they take unpaid time off and cannot afford to allocate their savings to health care, leading to compounding health and financial costs later.

But COVID-19 has not occurred in a vacuum. The systems of racial and gender discrimination that already put workers of color and women at a disadvantage are only compounded by the pandemic. The brunt of it has fallen on working mothers, and in particular, women of color earning low wages. During the pandemic, women lost 5.4 million jobs, and 154,000 Black women left the workforce entirely. These statistics are even more devastating when we consider that women of color are most likely to be primary or sole breadwinners for their family and are also most likely to be pushed into industries that pay low wages. This means that women of color, who are already disadvantaged by a racist and sexist economy, are those facing the most dire consequences of the pandemic.

**Access to Paid Leave Leads to Positive Economic, Health, and Equity Outcomes**

Evidence from states with paid leave program shows us that access to comprehensive paid leave is essential to maintaining economic stability for families in the midst of health crises and life changes. Numerous studies have found that women who took paid leave following the birth of a child had better outcomes on several measures of work, income, and economic security than those who didn’t. In California, the existence of paid leave has increased labor force attachment and long-term wages for households with lower incomes. Access to two weeks of paid leave during COVID-19 has been shown to have “flattened the curve” of illness rates, preventing an estimated 400 cases per day in states that did not have leave policies prior to the enactment of the Families First Coronavirus Act (FFCRA).

The health benefits of paid leave for children begin in infancy but continue throughout their childhood. For mothers who give birth, access to paid leave means they can recover from childbirth, are less likely to experience symptoms of postpartum depression, and more likely to breastfeed longer, which benefits the mother and infant. When more paid leave is available, rates of infant mortality and hospitalizations fall. Fathers also benefit, as those who take longer leaves are more likely to be involved in child care later in their
Children’s health also benefits from care in the years following birth or adoption: For a seriously ill child, the presence of a parent shortens their hospital stay by 31 percent. Despite these benefits, a quarter of U.S. mothers return to work within less than two weeks of giving birth. Paid family and medical leave programs help.

Additionally, employers want to provide paid leave to their employees. Replacing workers can be costly for employers, averaging 20 percent of a worker’s annual wages. Employer surveys in California, New Jersey, and Rhode Island—states with their own paid leave programs—show that two-thirds of employers were supportive of paid leave laws, and up to 20 percent were neutral. A recent report to the Washington state legislature demonstrated that most employers anticipated positive outcomes of turnover, productivity, and morale. Furthermore, 83 percent of workers in lower-paid jobs who used paid family leave returned to the same employer compared to 74 percent of those who did not use paid family leave.

Paid family and medical leave also levels the playing field for small businesses. Many larger businesses already provide paid leave because they can afford it and know it’s good for workers and good for the bottom line. Small businesses that can’t afford to offer paid leave would be able to offer it should our country create and put in place a funding mechanism for a national program. This would enable these employers to compete with larger businesses to hire and retain the best employees by offering a highly valued workplace policy without having to shoulder the entire cost. Paid leave reduces turnover and increases long-term employee retention, increases worker productivity and morale, and allows small businesses to compete with larger companies by being able to offer competitive benefits.

Why We Need a National Paid Leave Social Insurance Program

While individual state programs offer us evidence of their success, the COVID-19 pandemic has made it clear that all workers, in every state, need access to comprehensive paid leave. The recession caused by the COVID-19 pandemic has worsened the racial wealth gap. The recession has also increased the prevalence of worker misclassification, independent contracting, and the “fissuring of the workplace,” which has led to low-paying and low-quality jobs with shifting work schedules, no workplace protections, and few benefits. And while Members of Congress have offered many proposals for solutions to providing paid leave, only a social insurance program will achieve an equitable recovery for all workers.

Currently nine state programs, as well as the District of Columbia, have paid leave program, all of which are funded through small payroll contributions from employees and/or employers. This model is sustainable, equitable, inexpensive and inclusive. Paid leave programs in California, New Jersey, and Rhode Island were added to existing temporary disability insurance programs and are funded through employee-paid payroll deductions. All three states have solvent programs, which sometimes even experience surplus.
What a Federal Paid Leave Program Needs to Look Like

A federal program can also look to the states for lessons on what needs to be included in an equitable program. We need policies that workers are aware of and can access. And when workers do access them, they should not face penalties or retaliation, which could cause them to fall deeper into poverty. Paid leave policy must include robust worker protections. Protecting workers means ensuring that all workers—regardless of income, industry, employer, family make-up, immigration status, and more—can easily and safely take the leave they need. A federal paid leave program must include the following:

1. **A federal paid leave program must be available to all workers.** Evidence shows that the workers who need paid leave most are often those who lack access to it. A recent survey of the Family Medical Leave Act (FMLA) of 1993 shows that over 60 percent of workers earning low wages weren’t eligible or could not access FMLA due to eligibility requirements like worksite size, employee status, tenure, and more. Many states offer opt-in leave programs for self-employed workers and have more inclusive eligibility requirements to allow all workers to be able to access the program.

2. **A federal paid leave program must be comprehensive.** A federal program must be one that all workers can use for the variety of medical and caregiving needs they may experience throughout their lives. While many policymakers have proposed parental-only leave, such policies fail to account for actual caregiving needs. A comprehensive policy would support the one in four households who care for someone with a disability, the growing elderly population, bereavement, long-term and intermittent illness, and provide a critical lifeline to the 43.5 million people who currently provide unpaid care to family members while maintaining full-time jobs.

3. **A federal paid leave program must be inclusive of all families.** Paid leave programs must reflect the diversity of families in the United States. Eight out of 10 families no longer fit the model of the nuclear family. Some 85 million people, predominantly people of color, live in multigenerational or non-traditional households. National paid leave policies must work for families as they exist today. In Oregon, a family member includes “a worker’s spouse or registered domestic partner, sibling, child, child’s spouse or domestic partner, grandparent, grandchild, parent, parent-in-law, or parent of the worker’s registered domestic partner, or any individual related by blood or affinity whose close association with a covered individual is the equivalent of a family relationship.” In a report by the National Partnership for Women and Families, subjects often reported needing to care for loved ones who fell outside of the original legislative definition of family.

4. **A federal paid leave program must include progressive wage replacement.** Unaffordability is the number one reason workers don’t take leave. Two out of three workers who didn’t receive full pay while on leave reported struggling to make ends meet. Workers in the lowest paid jobs are the least likely to be able to afford to take leave if it requires taking a pay cut. Progressive wage replacement ensures that workers in jobs
paying low wages receive the highest rates of wage replacement. A paid leave program must be one that workers can actually afford. Six states have progressive wage replacement: Washington, Massachusetts, Oregon, Connecticut, Colorado, and Washington, D.C. This sliding-scale approach to benefit payments offers higher wage replacement to workers earning lower wages and scales down the more you make. This helps to make leave more affordable and accessible to those who need it most.

5. **A federal paid leave program must include job protection.** Workers should be able to use paid leave to meet their basic needs. However, a 2012 U.S. Department of Labor survey found that among employees needing leave but not taking it, the fear of job loss was the second most commonly cited reason (17 percent), behind unaffordability. Without job protection, workers fear for their jobs when they take leave or simply don’t take the leave they’re offered. In a series of focus groups conducted in New Jersey, researchers found that men of color who were paid low wages were less likely to use their paid leave benefits for fear of losing their job. In recognition of the need for expanded access, New Jersey strengthened its program in 2018, adding increased job protection, which went into effect in 2020. Data show that two-thirds of claims are made by workers with incomes of less than $50,000, demonstrating that job protection increases uptake among workers earning low wages.

6. **A federal paid leave program must include funded education and outreach.** Employers must be educated on their responsibilities, and employees must be made aware of what their benefits actually are. Lack of policy awareness is one of the most significant barriers to accessing leave. Workers can’t take leave if they don’t even know it exists. Built-in funding and direct implementation directives for businesses and local administrators can help ensure that outreach efforts reach all communities, including language minority communities.

**The Urgent Need for Affordable, High-Quality Child Care**

The child care system was in disarray long before the coronavirus pandemic. The child care sector directly impacts children, families, and child care providers. All three were failed by the system prior to the pandemic.

For families in households with incomes below the federal poverty level who pay for child care, child care costs average 30 percent of their income, compared to 18 percent for families with incomes between 100 and 200 percent of poverty and 7 percent for families making over 200 percent of poverty. In 2018, the cost of annual center-based care for an infant ranged from $5,760 to $24,081, and child care was more expensive than in-state college tuition in 33 states. When families can't afford or find high quality child care, they are forced to use substandard or potentially unsafe care, or they are forced to stay home instead of working or going to school. Researchers have found causal relationships between child care deserts and negative effects on maternal labor force participation.
This dynamic was exacerbated during the pandemic when many parents, disproportionately women, left the workforce in part due to a lack of access to child care.\textsuperscript{34}

Before COVID-19, just one in seven children eligible for child care assistance through the Child Care and Development Block Grant (CCDBG), received it due to insufficient funding. Furthermore, access to child care subsidies was also inequitable along racial and ethnic lines: Asian American and Latinx children had less access than children of different races.\textsuperscript{35} When children receive access to high-quality child care it has immediate and long-term positive effects for their educational and employment outcomes as well as employment outcomes for their parents.\textsuperscript{36}

Finally, the child care workforce has long been undervalued and underpaid. This is a direct result of sexism, racism, and the larger devaluation of care work. Over 90 percent of child care providers are women, and the workforce is disproportionately Black and Latinx. Child care is an essential component of gender equity given its women-dominated workforce and its profound effect on women’s labor participation. In 2020, the median hourly wage for child care workers across all settings was $12.24.\textsuperscript{37} These extremely low wages contribute to high levels of turnover and instability. There are racial inequities within the child care workforce and Black child care providers are paid an average of 78 cents per hour less than their white peers.\textsuperscript{38}

The pandemic has devastated the child care sector in unprecedented ways. Across the nation, child care providers who were already operating under tight margins, struggled to keep their doors open amid widespread economic devastation and unpredictable public health guidance. Since February 2020, 1 out of every 6 child care jobs have been lost and over 100,000 child care facilities have closed.\textsuperscript{39} Providers that stayed open during the pandemic have been struggling – many are losing money every day due to low enrollment, going deep into debt, and laying off staff to continue serving children and families.\textsuperscript{40} In addition to their fixed costs, providers have had to manage increased costs of providing safe care during the pandemic. Even as the economy recovers, lack of access to affordable child care continues to be an obstacle to employment for many families, particularly for women.

The pandemic has made clear the desperate need for public investment in child care, both to recover from the pandemic and to rebuild an equitable system. Child care is expensive because it is a labor-intensive industry. Despite the poverty-level wages of child care workers, labor costs comprise the largest share of child care providers’ expenses. The low ratios of child care providers to children are an essential facet of high-quality care that researchers have shown contributes to caregiving quality and developmental benefits.\textsuperscript{41} During the hearing, Ms. Joy Spencer said, “Many families are struggling. These stories are not isolated. Many families have lost their jobs and their child care, these are structural problems and we need federal solutions now more than ever.” We wholeheartedly agree. Families can’t afford to pay more for child care, workers can’t afford to be paid less, and children can’t afford to go without child care.
Recent child care legislation demonstrates bipartisan support of the sector. In July 2020, two landmark child care bills passed the House of Representatives last Congress, *The Child Care is Essential Act*, and *The Child Care for Economic Recovery Act*. Combined, the two bills would provide $100 billion in direct child care funding. Both bills passed on a bipartisan basis. In the Senate, a bipartisan group of 23 Senators called for greater investments in child care. This bipartisan agreement contributed to large investments in child care in multiple COVID-19 bills totaling over $50 billion in direct relief funding.

The sorely needed COVID-19 relief funds will help ensure the child care sector survives the recession, but they will not address the pre-pandemic crisis. States have reported to the Department of Health and Human Services how they plan to spend $10 billion in child care relief from the December coronavirus relief legislation. While states are planning to use these resources in a variety of important ways, the majority of them will provide immediate assistance. For example, 46 states plan to fund care services directly by waiving co-pays for families. 37 states are using the funds for virus mitigation through trainings, cleaning supplies, and protective equipment. Massachusetts is using the funds to work with other states in New England to support child care programs across the region. Massachusetts is also planning to invest in increased workforce support and evaluation of family need in the state. Texas is planning on using the December child care funds to issue grants to 14,000 regulated child care providers and to help child care providers pay for virus mitigation. These investments are important and overdue, but they will not address the long-standing needs of the child care sector.

One commonly suggested strategy, tax credits, is not sufficient to solve the country’s child care crisis alone. Unless they are refundable, tax credits only work for families who have tax liability and many families have lost jobs or significant wages as a result of the pandemic, leaving them in a position where they would not even be eligible for these credits. Even when they are refundable, tax credits often do not benefit families until they file their taxes the following year, leaving them in the lurch when their bills are due on a monthly basis. Finally, tax credits do not address market failures in the child care system such as inadequate supply, quality, and the underpayment of the workforce. While tax credits may be a component of a legislative solution to the child care crisis, direct spending on child care is also necessary.

Child care recovery legislation must prioritize racial and gender equity for providers, families, and children. Populations that have routinely been overlooked and underserved such as people with low incomes, people with disabilities, and Native, Black, Latinx, and immigrant communities must be prioritized. No families—especially those with low to moderate incomes—should pay more than 7 percent of their income on child care costs and families should be able to choose the setting and type of care that best meets their needs. Workers in the child care industry must receive a living wage, and benefits and compensation across the field should be equitable. Child care providers should also have access to training and workforce development opportunities. All children deserve access to a child care setting that helps them thrive.
The committee has a significant opportunity to change the course for children, families, and providers. The recent Building an Economy for Families Act is an important start. Significant, sustainable and long-term change for the child care system has been estimated to cost between $600b and $700b over ten years. An investment of $700 billion – $70 billion annually for the next ten years – will create millions of additional good-paying jobs; enable parents, especially mothers, to participate in the labor force; advance gender and racial equity; lay a strong foundation for children’s development and support economic growth. A permanent, comprehensive and inclusive paid family and medical leave program, building on the Committee’s draft bill will support gender and racial equity, our nation’s economy and ensure that no worker has to choose between caregiving needs and, their economic stability.

Recognizing the leadership of Rep. Neal and the committee on these issues, we encourage you to work closely with your hill colleagues and the Administration to make this a reality for the country.

The lack of child care and paid leave has hurt children, women and our economy. As Chairman Neal stated during the hearing, “For far too long we have treated child care and caregiving as an optional rather than a basic necessity.” This must change. We are grateful for the opportunity to provide a statement for the record and look forward to continued work with the committee to make these investments a reality.

Sincerely,

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