CLASP
The Center for Law and Social Policy

Honorable Secretary Dr. Miguel Cardona
U.S. Department of Education
Office of Postsecondary Education
Lyndon Baines Johnson (LBJ) Building
400 Maryland Avenue, S.W.
Washington, DC 20202

RE: Comments on RIN: 1840-AD52 "Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program"

Dear Secretary Cardona,

The Center for Law and Social Policy (CLASP) is grateful for the opportunity to comment on the recent notice of proposed rule making **RIN:** 1840-AD53, "Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program." 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 security, and advancing racial equity. CLASP works at the federal, state, and local levels and has deep expertise in child care and early education, postsecondary education, and job quality policies, including those that impact the early childhood education workforce.

CLASP urges the U.S. Department of Education to revise and strengthen the regulations of the Public Service Loan Forgiveness (PSLF) program to ensure that all early childhood educators working in licensed, regulated, and registered settings—including for-profit and non-profit settings and family child care—are eligible to apply for PSLF.

The overwhelming burden of student loan payments plays a significant role in the recruitment and retention of early childhood educators. The high costs of postsecondary education, coupled with the low wages paid by the child care and early education sector—wages dependent on parent fees—contribute to the workforce challenges faced by the early care and education sector. As a result of intersecting systemic racial and gender inequity, the early childhood workforce—nearly all women and disproportionately women of color—is underpaid and undervalued.[1] Therefore, efforts to improve the circumstances of the workforce through higher wages, the alleviation of debt burden and other means makes this a matter of racial and gender equity.

Our comments are submitted in response to the following questions posed by the Department:

1. **Should for-profit early childhood education employers, as defined in § 103(8) of the Higher Education Act (20 U.S.C. 1003) and for which the majority of full-time equivalent employees provide a qualifying service such as education for young children, be qualifying employers for purposes of PSLF?**

[1] Asha Banerjee, Elise Gould, and Marokey Sawo, Setting higher wages for child care and home health care workers is long overdue, Economic Policy Institute, November 2021, https://www.epi.org/publication/higher-wages-for-child-care-and-home-health-care-workers/.

2. **What criteria and sources of information can the Department use to identify eligible for-profit early childhood education employers in a consistent and simple manner that does not require an individualized review of employer or borrower specific activities**https://www.govinfo.gov/link/uscode/20/1003
3. **Should the Department use the eligibility for, or receipt of, certain Federal funding as a requirement for a for-profit early childhood education employer to be a qualifying employer for the purposes of PSLF? Are there sources of information identifying employer identification numbers of Federally funded early childhood education programs, consistent with the definition of early childhood education noted above?**
4. **Is it consistent with the purposes and goals of the PSLF program to include for-profit early childhood education as qualifying employment? For instance, to what extent would the inclusion of for-profit licensed and regulated early childhood education providers as eligible employers improve recruitment and retention of the early childhood workforce, increase early educator degree and credential attainment, and improve access to quality early childhood education for children and families?**

1. Should for-profit early childhood education employers, as defined in § 103(8) of the Higher Education Act (20 U.S.C. 1003) and for which the majority of full-time equivalent employees provide a qualifying service such as education for young children, be qualifying employers for purposes of PSLF?

Yes. CLASP strongly supports expanding access to the PSLF program to include for-profit early education providers as defined in the Higher Education Act. We appreciate the Department inviting feedback on whether for-profit early childhood education employers should be qualifying employers. We encourage the Department to take steps to expand the program to include early educators working in licensed, regulated, and registered settings—including for-profit and non-profit providers and family child care providers.

Early childhood educators provide an essential service to our communities, supporting the development and education of young children in a safe and nurturing environment. Unlike the public K-12 system, which provides free access to education for all age-eligible children and youth, there is no parallel system for our country's youngest children. As a result, early childhood education is a mixed-delivery system with providers that are center-based community programs (both non-profit and for-profit), family child care programs (which can be structured as a non-profit, for-profit, or sole-proprietorship), and public programs such as Head Start and state/locally funded public prekindergarten (Pre-K) programs. Moreover, due to this mixed-delivery system and structure of publicly funded early childhood services (including child care assistance and pre-kindergarten), for-profit providers—including licensed, regulated, license-exempt, or registered providers—play a key role in the delivery of public early childhood education services. In fact, according to the latest National Survey of Early Care and Education (NSECE), in 2019, there were approximately 121,000 child care centers serving at least one child under 5. Of these, 34 percent were operated as for-profit programs, 47 percent as non-profits, and just 15 percent were government operated. [2] The 2019 NSECE also showed that more than 5 million home-based providers serving children under 13, other than their own. Of these 91,200 were considered listed – appearing on state or national lists of early care and education services—including licensed, regulated, license-exempt, or registered. [3]

[2] Administration for Children and Families, "Center-based Early Care and Education Providers in 2012 and 2019: Counts and Characteristics", September 2021, https://www.acf.hhs.gov/sites/default/files/documents/opre/cb-counts-and-characteristics-chartbook_508.pdf

[3] Administration for Children and Families, "Home-based Early Care and Education Providers in 20212 and 2019: Counts and Characteristics", June 2021, https://www.acf.hhs.gov/opre/report/home-based-early-care-and-education-providers-2012-and-2019-counts-and-characteristics

For practical and financial reasons, family child care homes are commonly structured as for-profit —small businesses in which a sole caregiver provides child care services.

Early childhood educators in all these settings provide an essential service supporting the development and education of young children. As noted in the preamble to the regulation, the Higher Education Act of 1965 (HEA) defines a "public service job" to include full-time employment in "early childhood education (including licensed or regulated childcare, Head Start, and State funded prekindergarten)", without reference to whether the public service job is in the public, for-profit, or non-profit sector. This definition accurately reflects the fact that the systems of early care and education in the U.S. are structured differently from that of the K-12 sector, with the former having no comparable universally available public sector. As such, families receive early childhood education services in variety of settings, including home-based which—as we previously noted—are often structured as for-profit businesses for practical and financial reasons. In fact, access to and reliance on home-based services varies across age groups, race, and geography with infants and toddlers; Black and Hispanic families; and children in rural areas being most likely to access early childhood education services in this setting.[4]

2. What criteria and sources of information can the Department use to identify eligible for-profit early childhood education employers in a consistent and simple manner that does not require an individualized review of employer or borrower specific activities?

We encourage the Department to use its regulatory authority to expand the ways in which an early childhood education employer can be determined as eligible under PSLF. This expansion should go beyond the Department's current primary tool for determining employer eligibility, verification through the federal employee identification number (EIN). In some states, family child care providers—who are also often home-based—are not required to have an EIN and instead operate using a social security number. Therefore, information in addition to EINs is essential for including early childhood educators working in family child care and/or home-based settings.

We recommend the use of licensing/registration data from states for this purpose. This change would not require individualized review of employer or borrower data and would improve the Department's ability to expand PSLF access to for-profit early childhood education employers. The Department could work with each state's, territory's, or tribe's lead agency for the Child Care and Development Fund (CCDF). All states participate in CCDF and as such have a designated lead agency that is charged with administering (or coordinating the administration of) the child care program in that state, including regularly monitoring and retaining a list of licensed and registered child care programs regulated by the state. In addition, the consumer website, childcare.gov links to each state's website of licensed and registered providers. The Department should consult with Lead CCDF Agencies on the best way to verify an employer's child care license or registration number based on existing state data sources of licensed, registered, or listed providers. Such an approach may provide the opportunity for automation by pulling in state, territory, or tribe lead agency lists to the Department's verification system and would balance the need to minimize judgment required by the Department.

The Department should also give special consideration to how sole proprietor home-based providers can verify their employment, in addition to their employer eligibility as licensed or regulated child care providers. Self-attestation—using 1099 tax forms—should provide the basis for such a system for sole proprietor home-based providers, consistent with alternative documentation options that currently exist within the PSLF system for individuals who cannot secure employer signatures. The use of self-attestation is consistent with other federal programs that allow self-attestation, particularly when automated data matching cannot be secured. Where self-attestation is allowed, there is always the option of an audit afterwards to confirm eligibility. By submitting

[4] "Home-Based Child Care Fact Sheet", *HomeGrown,* December 2020, https://homegrownchildcare.org/wp-content/uploads/2020/12/HomeGrown_Child-Care-Fact-Sheet_final.pdf.

evidence of the early childhood education employer's state license or evidence of state registration, and/or submitting individual tax returns, early childhood educators can demonstrate that they are providing educational services and that they work for *eligible ECE employers (i.e., employers that are licensed, regulated and registered by the state).*

3. Should the Department use the eligibility for, or receipt of, certain Federal funding as a requirement for a for-profit early childhood education employer to be a qualifying employer for the purposes of PSLF? Are there sources of information identifying employer identification numbers of Federally funded early childhood education programs, consistent with the definition of early childhood education noted above?

No. We urge the Department not to use the eligibility for, or receipt of certain federal funding as a requirement for a for-profit early childhood education employer to be a qualifying employer for PSLF. Receipt of federal funding is not currently a requirement in PSLF statute or regulations for non-profit early childhood education employer's; thus, it would not be consistent to make this a requirement of for-profit early childhood education employers. Moreover, adding this requirement would also make verifying the eligibility of for-profit (including family child care programs) more difficult. There is not a central source within the federal government which houses the employer identification numbers of early childhood education programs that receive federal funding. Such a requirement would result in far greater administrative complication and burden.

Conditioning employer eligibility on receipt of federal funding would limit the reach of the PSLF program to a significant share of the early childhood workforce employed by for-profit providers. Federal early childhood programs only reach a fraction of children and families they are intended to serve due to insufficient funding. For example, the largest source of federal funding for child care assistance is the Child Care and Development Block Grant (CCDBG).[5] Based on CLASP analyses, only 15 percent of all eligible children under federal parameters have access to child care subsidies. However, this access varies significantly by state and by race. According to our analysis of 2016 data, in most states, Hispanic and Asian children have far less access with just 2 percent of eligible Asian children and 4 percent of eligible Hispanic children served in CCDBG nationally.[6] Because federal funds reach only a fraction of eligible children, many early childhood education workers work in settings that do not receive federal funding. In fact, the number of child care providers receiving CCDBG funds has and continues to decline, with a 6 percent decrease between FY 2018 and FY 2019 and a 65 percent decrease since 2006, the peak year in provider participation.[7]

4. Is it consistent with the purposes and goals of the PSLF program to include for-profit early childhood education as qualifying employment? For instance, to what extent would the inclusion of for-profit licensed and regulated early childhood education providers as eligible employers improve recruitment and retention of the early childhood workforce, increase early educator degree and credential attainment, and improve access to quality early childhood education for children and families?

Expanding access to PSLF to for-profit providers across licensed, regulated, and registered child care settings could have a positive impact on retention and recruitment as well as racial equity. The federal Public Service Loan Forgiveness (PSLF) program was created in 2007 in response to the concerns of public sector employers over their

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[5] Alycia Hardy and Alejandra Londono Gomez, "Child Care Assistance Spending and Participation in 2019", *CLASP*, 2022, https://www.clasp.org/publications/report/brief/child-care-assistance-spending-and-participation-in-2019/.
[6] Rebecca Ullrich, Stephanie Schmit, Ruth Cosse, "Inequitable Access to Child Care Subsidies", *CLASP*, 2019, https://www.clasp.org/wp-content/uploads/2022/01/2019_inequitableaccess.pdf.
[7] Alycia Hardy and Alejandra Londono Gomez, "Child Care Assistance Spending and Participation 2019", *CLASP,* August 2022, https://www.clasp.org/publications/report/brief/child-care-assistance-spending-and-participation-in-2019/.

difficulties attracting and retaining skilled professionals, and to support the essential work done by those working in the public sector. The goal of the program has been to not only encourage more people to enter public service but also to support the work they do for the public by discharging any remaining federal loan balance after 10 years. Low wages for early childhood professionals are not limited to non-profit settings and the sector at large is experiencing a growing challenge of workforce retention.[8] Therefore, it is completely in line with the purpose and goals of the program to include for profit employers, benefiting early childhood educators as well as children and families in need of high-quality early education services.

Additionally, the expansion of PSLF for early childhood educators in for profit settings, helps to advance the Biden-Harris Administration's commitment to racial equity across the federal government. As part of this order, President Biden explicitly stated, "because advancing equity requires a systematic approach to embedding fairness in decision-making processes, executive departments and agencies must recognize and work to redress inequities in their policies and programs that serve as barriers to equal opportunity." [9] By expanding access to PSLF to for-profit providers, the Department will be in line with this executive order and reducing barriers to economic opportunity for a greater number of early childhood educators who are often of marginalized backgrounds. [10]

The average wage of an early childhood educator, regardless of whether they work in a non-profit or for-profit setting, is $13.31/hour.[11] This is far from a living wage. Yet the child care and early education profession requires complex skills and knowledge to support young children's development and education. Higher education and credential attainment are two essential components to helping early educators gain and strengthen these competencies, as well as progress in their careers. However, access to these opportunities is often out of reach for so many who are early childhood educators because it is unaffordable. Thus, the PSLF program is an important incentive for recruiting and retaining a well-prepared, effective early childhood education workforce. According to data collected from the Stanford University Rapid Assessment of Pandemic Impact on Development-Early Childhood Survey (RAPID-EC), in March 2021, 19 percent of early childhood educator respondents reported having student debt when compared to 17 percent of the overall US adult population.[12]

Child care providers accessing student loans to support financing higher education and credentialing, due to low sector wages and rising costs for higher education, face increased economic hardship. Low sector wages increase turnover and create disincentives for recruitment and retention, ultimately causing disruption in care for children and families.[13] For borrowers of color, and particularly for Black borrowers, these hardships are compounded due to longstanding racial and economic inequity and systemic racism. Student debt is a racial equity crisis. Black borrowers are both more likely to take on student loan debt and more likely to borrow greater amounts than any other racial demographic. Additionally, Black borrowers default on their loans at higher rates than their peers:

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[8] "Staff Turnover in Early Childhood Workforce: What Factors Make a Difference?", *Institute of Education Sciences,* June 2021, https://ies.ed.gov/ncee/rel/regions/northeast/pdf/REL-NEI_ECE-turnover-infographic.pdf .

[9] Exec. Order No. 13985 2021 https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/.

[10] Carrie Gillispie et. Al. "Equity in Childcare is Everyone's Business"*, U.S. Chamber of Commerce Foundation*, November 2021, https://www.uschamberfoundation.org/sites/default/files/Equity_ChildCare_Final_web.pdf.

[11] *Bureau of Labor Statistics,* "Occupational Employment and Wages, May 2021, 39-9011 Childcare Workers", May 2021, https://www.bls.gov/oes/current/oes399011.htm .

[12] "Student Debt in the Early Childhood Workforce", *Standford University*, May 2022, https://static1.squarespace.com/static/5e7cf2f62c45da32f3c6065e/t/6275646e78040b26f2b08384/1651860591053/Student_debt_factsheet_May_2022.pdf.

[13] Rob Grunewald, Ryan Nunn, Vanessa Palmer, "Examining teacher turnover in early care and education", *Federal Reserve Bank of Minneapolis*, April 2022, https://www.minneapolisfed.org/article/2022/examining-teacher-turnover-in-early-care-and-education.

nearly a third across all types of institutions were in default as of 2017, compared with just 13 percent of white borrowers.[14] These statistics reflect decades of economic disinvestment in Black communities that have left Black Americans with lower family wealth and ability to finance their education; a discriminatory labor market that maintains racial disparities in employment and earnings; and failures of the higher education, system including inefficiencies in the student loan servicing system, that have prevented Black borrowers with low incomes in particular from accessing relief. The financial stress of student loan debt has significant mental health implications as well: 62percent of borrowers reported their loans had a negative impact on their mental health, while 1 in 8 borrowers who made less than $50,000/year expressed suicidal ideation as a result of their debt burden.[15]

Conclusion

Extending the reach of the Public Service Loan Forgiveness Program to include all early childhood educators is an important step in advancing racial equity and providing critical support for a workforce that is largely comprised of women of color. The unique structure of the early childhood workforce merits extending inclusion to for-profit providers—including early educators working in licensed, regulated, and registered settings. Supporting the early childhood education workforce is critically important to sustaining long term growth and stability in the profession. We urge the Department to take the appropriate steps to ensure that it is easy to prove and determine eligibility with the least administrative burden possible. The Biden-Harris Administration has made a commitment to racial equity through EO 13985 "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government''. The proposed rule illustrates the clear goal of the Biden Administration to have all federal programs have a comprehensive approach to ensuring equity for marginalized groups. It is essential to the goals of the administration in promoting racial equity, addressing the racial wealth gap, the growing student debt crisis, and supporting economic security for early educators that we provide this relief.

Thank you for considering these comments. If you have any further questions, please contact Alycia Hardy at ahardy@clasp.org.

Alycia Hardy

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[14] J Geiman and Alpha S. Taylor, "Disproportionately Impacted: Closing the Racial Wealth Gap through Student Loan Cancellation, Payment Reforms, and Investment in College Affordability", *Center for Law and Social Policy and National Consumer Law Center*, June 2022, https://www.clasp.org/wp-content/uploads/2022/06/2022_Disproportionately-Impacted.pdf.

[15] J Geiman, "The Psychological Toll of Student Debt," *Center for Law and Social Policy (CLASP)*, October 2021, https://www.clasp.org/blog/psychological-toll-student-debt/