Testimony of Nancy Gonzales

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Appropriations Subcommittee on Labor, Health and Human Services,
Education and Related Agencies

U.S. House of Representatives

for the

Public Witness Testimony

May 26, 2022

Good morning to my congressman, Representative Josh Harder, Chairwoman DeLauro, Ranking Member Cole and members of subcommittee. Thank you for the opportunity to talk about child care investments and the need to double the funding level for the Department of Health and Human Services' Child Care and Development Block Grant (CCDBG) program and provide $12.3 billion for FY 2023.

I'm Nancy Gonzales. I am a state-licensed, family child care provider in Modesto, California and the owner of Lil' Bears Family Day Care. I am also a proud union member of the 20,000-member strong United Domestic Workers (UDW)/Child Care Providers United (CCPU), American Federation of State, County and Municipal Employees (AFSCME). I've been providing child care services out of my home for the past 16 years and have worked as a child care provider for the past 29 years. I take care of babies and children as young as 4 months old and up to 12 years old, Mondays through Fridays from 4:30 am to 6pm in my home. I open early to help families that have long commutes for work. Modesto is a rural area, and sometimes long commutes are required to get to work.

I am honored to have this opportunity to talk to you about child care – what's needed to help families and providers like me. But I was worried that I could not make the time work. I cannot find substitutes willing to work for what I can afford to pay. So, I do everything myself with my husband. Every day I wake up very early so I can be ready for the first children to arrive at 4:30 am. Then I take children to school. While I drop children off at school, my husband takes care of the children in day care. I join him as soon as I can until I have to return to pick up children at school and then go back to our child care until parents pick everyone up at 6pm.

It pains me to say that our country takes child care for granted. Our child care system is broken – for families who need care and for the underpaid, mostly Black and Brown women, like me, who are the majority of child care providers. COVID-19 has exposed and deepened cracks in the patchwork of our child care "system." Even with emergency aid, at least 16,000 child care programs have closed over the last two years, and those that remain open, like mine, are operating on razor-thin margins.[1] Child care workers are overwhelmingly women (94%) and disproportionately Black (15.6%, compared with 12.1% in the overall workforce) and Hispanic (23.6%, compared with 17.5% in the overall workforce).

Child care is in crisis, with the loss of providers in the workforce, rising inflation that is hurting providers and families, and the lack of sustained federal investments that are needed year in and year out. Families and child care providers in California and across the country are relying on Congress to invest more in child care so parents can work knowing that their children are safe and learning, and so providers can earn living wages. I want to acknowledge that recent emergency funding has been enormously helpful, raising rates in some states and enabling many child care programs to remain open. But these funds were not intended to solve the complex challenges of our broken child care system. This funding is a band-aid for the immediate health crisis, and we need a sustainable cure. Fixing child care systemically to make it universally accessible and affordable for families and paying providers living wages requires much larger investments. I respectfully urge you to increase funding for the Child Care and Development Block Grant (CCDBG) to a total of $12.3 billion in FY 2023, an increase of $6.2 billion. That would be a good start and a helpful down payment.

Investments in CCDBG will help families and address fairness and equity for providers like me. One of the biggest problems for us is provider pay. Across the country, child care providers are paid poverty-level wages – roughly $12.24 an hour on average. That's below minimum wage in many states, and nowhere in this country is that a livable wage, especially not in California.[2] And family child care providers generally charge less and earn less. According to 2016 National Survey of Early Care and Education (NSECE) reports, half of family child care providers report that they earn $22,978 or less in a year.

Despite the high costs of child care, providers like me are paid very low wages. Private pay is inadequate to ensure living wages. Adequate government funding is essential to make investments to ensure providers can earn living wages and to make child care affordable to families. I am faced with the dilemma of raising my rates, knowing families will leave my care and be forced to place their young children in less safe arrangements. So, I keep my rates low, but it is just not enough to cover everything my own family needs. And because CCDBG funding is not enough, the rates the state pays us do not cover the full costs of our care so we can earn a living wage.

Family child care providers like me are small business owners who must pay out of pocket for expenses and payroll for assistants. Because subsidy reimbursement rates are so low, many providers earn less than minimum wage after expenses. Until my union secured our first-ever contract with the state of California last year, they were paying providers based on 2016 average market rates. We are now at 2018 rates, an improvement, but far from what we need. I

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[1] https://info.childcareaware.org/hubfs/2022-03-FallReport-FINAL%20(1).pdf?utm_campaign=Budget%20Reconciliation%20Fall%202021&utm_source=website&utm_content=22_demandingchange_pdf_update332022

[2] https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm

think we can all appreciate that the cost of living has changed dramatically since 2018. And the market rate surveys that states base reimbursement on are too low. We need states to implement cost estimation models to capture the actual cost of providing quality care and not just the current going rate which is too low to sustain child care.

Since 2021, several states have increased their payment rates to levels at or above what CCDBG recommends, including Kansas, Maine, Montana, North Carolina, South Carolina, Utah, Washington and Wisconsin. We're still not there in California even though we have made progress. But these increases are supported with federal child care relief and recovery funds that have an expiration date that is approaching. Without huge, reliable increases in CCDBG, or even better – a permanent source of funding – these increases will likely be temporary.

Consider the impact of these very low wages. Over 53% of child care workers receive public assistance, compared to the 21% of K-12 teachers.[3] This year, one-third of child care providers report experiences of hunger. This is the highest rate on record, and even higher than of families with young children during the same period (23%). [4] One in four child care providers reports having to work at least one other job, and over 40% report that child care earnings are less than half of their income.[5] Many of us work multiple jobs and still can't make ends meet.

More than 60% of providers report that low wages is the number one challenge for hiring and retaining staff. I'm lucky that my husband is retired and works with me, because I could not afford to hire additional help. Without him, I would not be able to comply with state ratios. With costs soaring but pay stagnant, it's so hard to hire the help that is needed to allow child care programs to care for more children. Inflation is increasing expenses while income is stagnant. Child care providers like me are shouldering the increased costs of food to provide meals for the children we care for and gas for transporting school-aged children to our programs. In some places, expenses are up as much as 40%, while federal child care reimbursement rates have remained the same.

If this problem is not fixed, I know we will continue to lose more child care providers. I am not going anywhere. I love what I do, but I have seen people take jobs at Starbucks and Target and earn more money instead of coming to work with me.

The loss of more than 12% of the child care workforce since before the pandemic began has left nearly half of a million families scrambling to find reliable child care, as Wells Fargo estimates. Right now, more than half of people in the U.S. are in a child care desert where child care is either unavailable or very limited. In California, the problem is even worse. Before the pandemic, 60% of Californians lived in child care deserts, and now it's worse, especially for low-income and Latino families. Thank you Congressman Harder for introducing legislation to address the shortage of child care providers to address the problem of child care deserts. And because of inadequate funding, only 1 in 9 eligible children have access to subsidized child care.

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[3] 2020 Center for the Study of Child Care Employment's Early Childhood Workforce Index

[4] https://static1.squarespace.com/static/5e7cf2f62c45da32f3c6065e/t/624f309010d33b6d1a8e4518/1649356944399/Facing+hunger+factsheet_April+2022+.pdf

[5] November 21, 2021 RAPID EC Survey data

Increased investments will serve more families, enabling more parents to work and more children to be in settings that will prepare them for school.

Supporting worthy wages for home-based child care providers is also an issue of equity for children and families. More than 6 million children ages 0-5 are in home-based care, including licensed Family Child Care (FCC) and license-exempt Family, Friend and Neighbor Care (FFN). Home-based child care providers like me disproportionately care for children from low-income families, infants and toddlers compared to child care centers. Children whose parents work non-traditional hours, approximately 40% of working parents, depend on home-based child care. Only 8% of center-based programs offer non-traditional hour care.

After everything we endured during the pandemic as front-line workers, child care providers can't take much more. Thousands of providers closed their doors during the pandemic. Many never returned. I'm sure you've read the news that it's a great market for job seekers. Employers all over California and the country are hiring for jobs that pay better and have better benefits than providing child care. Would you blame us if we took other work? Can you imagine what that would mean for California's economy if child care became even more difficult? And for our country? We are seeing the beginnings of the potential impact with the loss of women in the work place. There are 1.1 million fewer women in the labor force now than in February 2020 with child care obligations likely playing a large role.[6]

In addition to low pay, it's the lack of health coverage and retirement security that makes it truly impossible to stay in child care. Twenty percent of us don't have health coverage. I was one of those until recently. I'm so grateful now that I have access to health care, but my premiums are expensive. Half of my fellow child care providers are putting off important medical procedures because we can't afford it. We also worry about when—and if—we can retire. Ninety percent of us don't have a retirement plan. A lot of providers simply work until we drop. It's difficult to keep providers in the profession—much less recruit new providers—if we must gamble with our health and our futures to continue providing care.

After all the problems I described why do I still work in child care? Simple, because I love this work. It fills my heart with joy. My fellow providers and I, we love your children. We love caring for children and guiding the next generation to a strong and healthy future. But we have futures and families of our own to take care of. In closing, I urge you to double CCDBG's budget to begin to create a child care system that pays child care providers living wages, entices providers to join the field and stay in it, fixes child care deserts, expands the program to cover more families, and makes high quality child care affordable and accessible to all families. I appreciate Chairwoman DeLauro's leadership and that of others on this committee to focus on other ways to fund and fix child care comprehensively for all families and providers.

Thank you.

[6] https://nwlc.org/wp-content/uploads/2022/03/February-Jobs-Day.pdf