

Hiring Our Heroes Child Care Working Group

Legislative Recommendations

The Hiring Our Heroes Child Care Working group is made up of subject-matter experts focused on finding solutions to affordability and accessibility of quality child care for military families. The group collectively agreed on five legislative recommendations that would significantly improve child care issues for military families. The recommendations are:

- **Stabilize the civilian child care industry.**
- **Ensure appropriate funding levels for DoD child care and fee assistance programs.**
- **Fund incentives for Family Child Care providers and launch an awareness campaign.**
- **Implement Dependent Care Flexible Spending Accounts for service members.**
- **Exempt J-1 visa holders that serve as au pairs for military families from the travel ban.**

While passage of these recommendations would greatly improve affordability and availability of child care for military families, these solutions alone will not be a silver bullet. Additional support, awareness campaigns, and expansion of current programs are necessary within the Office of the Secretary of Defense, public-private partnerships, and at the state/local installation level. Below is further information on each of the legislative recommendations.

Stabilize the Civilian Child Care Industry

The COVID-19 pandemic has proven that child care and military readiness are inextricably linked. However, child care challenges pre-date the pandemic: According to Blue Star Families' 2019 Military Family Lifestyle Survey (MFLS), 27% of active-duty service member respondents with children said this was a top military lifestyle stressor, and 58% reported they were not always able to find care that worked for their situation. Child care has also been a consistent barrier to military spouse employment, with 24% of spouses who wanted or needed to work reporting they were not doing so due to long child care waitlists. Furthermore, according to the Congressional Research Service, DoD's Child Development Centers (CDCs) serve 200,000 military children, which is approximately 25% of military children under the age of 5. Ensuring a strong civilian child care market exists after COVID-19 is therefore critical to stabilizing military families' child care options and preserving military readiness.

Before the outbreak of COVID-19 and the associated closures of child care programs, the supply of child care already was decreasing. Results from Child Care Aware® of America's 2019 report, *Picking Up the Pieces*, show 53% of states reported a decline in the number of child care centers between 2018 and 2019. More alarmingly, 79% of states reported a decline in family child care (FCC) providers.

When COVID-19 was layered onto the already fragile child care system, it shattered. Many providers are in danger of closing their doors because of plunging attendance and enrollment. As their income decreases, they've seen their expenses increase due to pandemic-related costs, making it impossible to make ends meet.

There are consequences to this reality: Parents are struggling to find child care arrangements that will allow them to work productively, either from home or in their workplaces. Without a reliable, steady workforce, this country will not recover economically from the pandemic-related slowdown. A reliable workforce requires a functioning child care system.

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748), providing a \$3.5 billion increase to the Child Care and Development Block Grant (CCDBG). Additionally, the Paycheck Protection Program (PPP) loans offered through the Small Business Administration (SBA) were available for child care providers, but very few providers actually received one of these loans. According to the Bipartisan Policy Center, "This [funding] represents less than 5% of the total \$521.4 billion in lending through the program, a small amount for such an essential industry." This funding was helpful, but insufficient to meet the long-term need of the child care industry.

Congress should include at least \$50 billion to stabilize the child care system in the next coronavirus relief package. The money would be used to help support the supply of child care, which would ensure military and civilian families alike have access to the type of care they need in the short term and in the future.

Ensure Appropriate Funding for DoD Child Care and Fee Assistance

The pandemic has been especially difficult for working mothers – research has shown female employment dropped more significantly than male employment between March and April of 2020. According to the National Bureau of Economic Research, "In recent US recessions, employment losses have been much larger for men than for women. Yet, in the current recession caused by the Covid-19 pandemic, the opposite is true: unemployment is higher among women." Working mothers were more likely than their partners to reduce their working hours and more likely to take on more child care responsibilities. Of the 92% of military spouses who are women, 68% have children younger than 18 living at home, according to DoD. The McKinsey 2020 report on women in the workplace showed that 1 in 3 women who lost their jobs during the pandemic reported their unemployment was due to lack of child care.

Years of data have shown many military families who need child care not only have access challenges, they also find it difficult to afford. According to the Blue Star Families' 2019 Military Family Lifestyle Survey, 44% of unemployed spouses with children reported affordable child care as a barrier to employment. The services provide a fee assistance program to help offset the cost of care in the private sector; however, there are waitlists to secure this assistance. ***Congress should appropriate sufficient funding specifically designated for this program and ensure the Services are delegating the money to child care programs appropriately to mitigate waitlists.***

Fund Incentives for Family Child Care (FCC) Providers and Launch an Awareness Campaign

FCCs are child care providers who provide care within their own home, on or outside of a military installation. It can be a great way to ensure military families have access to child care, particularly for parents who work nontraditional hours. That said, there has been a significant decrease in the number of FCC providers in the military, with only about 800 still operating militarywide. Also, there is a lack of information about the benefits of being an FCC provider and the free resources DoD provides to military spouses looking to become a provider. ***To highlight the business case of becoming an FCC provider, DoD should fund an education or public awareness campaign to highlight the benefits of becoming a child care business owner. This campaign should specifically address the income potential for providers, the business portability, resources available to manage an FCC home as a business, and how to navigate becoming a certified FCC provider.***

To keep FCCs as a competitive career option for military spouses, creating incentive programs for providers, such as student loan forgiveness or tuition assistance is key.

DoD's 2017 Survey of Active-Duty Spouses indicates 50% of military spouses report using student loans to pay for their education. Additionally, according to research from the Military Family Advisory Network, military spouses were statistically significantly more likely than other respondents to rank their student loans as one of their most stressful debt sources. In the last 10 years, average student loan debt for graduating college students has increased from \$23,765 to \$30,062. Many military spouses are unable to access other forms of student loan forbearance given that those programs are often tied to employment. Offering student loan forgiveness and/or scholarship programs for becoming an FCC provider could help incentivize more FCC providers.

Dependent Care Flexible Spending Accounts (DCFSA)

Dependent Care Flexible Spending Accounts allow beneficiaries to put aside pre-tax dollars to pay for child care. The Office of Personnel Management (OPM) estimates DCFSA provide beneficiaries with approximately 30% savings. The majority of private sector and federal employees have access to this benefit; service members do not.

DoD child development centers (CDCs) serve approximately 25% of military children under the age of 5 and accommodate about 78% of those seeking care at these facilities. Many military families seek care off-installation due to CDC waitlists, to accommodate their unique work hours, or because of other family considerations. Despite the availability of fee assistance programs, cost of child care off-installation continues to soar, especially in a post-pandemic environment where student-to-teacher ratios are limited and PPE/sterilization equipment is necessary. ***Adding DCFSA as an option for service members would provide some financial relief for families that are struggling to afford child care that meets their needs.***

While DoD has the statutory authority to implement DCFSA, it has been unwilling to do so citing adverse tax implications for some families in their 2007 implementation study. Both House and Senate versions of the FY 2021 National Defense Authorization Act (NDAA) include language requiring DoD to conduct a new implementation report as child care affordability and availability issues have risen significantly since the initial report was conducted.

While a DCFSA may not be the right fit for all families, many dual income military families may find this benefit helpful for affording child care. DoD has recognized the impact affordability of child care has on military readiness. Every tool in their arsenal, including DCFSA, should be used to ensure military families are able to cover the cost of child care and fulfill their mission.

Au Pair Military Exception

The J-1 visa ban negatively affects military families who have used au pairs as an affordable child care option. Coalition partners are advocating for a military exception to the visa ban so our service members can welcome their au pairs into the U.S. Families who serve should have options as they face waitlists and variable hours when care is needed. Au pairs may be an affordable approach compared with nannies and babysitters. More than 40% of service members have children, the largest cohort under age 5. With continued uncertainty about in-person learning, and many child care centers at reduced capacity, au pairs provide the best option for safe, consistent child care in some cases, allowing military

spouses to return to work. Military families affected by the visa ban face tough decisions ahead, which may negatively affect military retention and the individual's ability to contribute to unit readiness.

On Oct. 21, Sen. Tammy Duckworth (D-Ill.) introduced S. 4842, a bill that would create an exemption for J-1 visa holders serving as au pairs for military families. We urge Congress to pass this exemption.

Notes:

The HOH child care working group is made up of subject matter experts specializing in military child care:

- Eryn Wagnon, Military Officers Association of America (Chair)
- Jennifer Akin, Blue Star Families
- Patricia Barron, Association of the United States Army
- Anne Hedgepeth, Child Care Aware® of America
- Shelley Kimball, Military Family Advisory Network
- Krystal Pillow, Child Care Aware® of America
- Nicole Russell, National Military Family Association
- Meredith Smith, Hiring Our Heroes
- Barbara Thompson, Former Director, Office of Military Family Readiness Policy, under the Deputy Assistant Secretary of Defense for Military Community and Family Policy
- Nicole Vogel, USO