

September 22, 2021

Dear Members of Congress:

ReadyNation is a national, bipartisan business network of current and former executives focused on strengthening workforce development and the economy through the promotion of smart investments in America's children and youth. As members of the ReadyNation CEO Task Force on Early Childhood, we urge Congress to act decisively now to address one of the biggest barriers to economic recovery and growth: lack of affordable, quality child care.

Affordable child care is out of reach for many families. Oftentimes, parents may choose to reduce their work hours or to leave the workforce altogether. In July, ReadyNation released a report, [Female Labor Force Participation is Key to Our Economic Recovery](#), which identified that female workforce participation is at its lowest rate in more than 30 years, largely due to the COVID-19 pandemic. From February 2020 to February 2021, 2.4 million women left the workforce, compared to 1.8 million men, representing a drop in labor force participation of 3.1 percent for women versus 2.1 percent for men. Lack of child care was an important driver of women exiting the workforce this past year. This report follows a 2019 ReadyNation study, [Want to Grow the Economy? Fix the Child Care Crisis](#), which found an annual economic cost of \$57 billion in lost earnings, productivity, and revenue as a result of the infant-and-toddler child care crisis.

We all must act to address the systemic problems in our nation's child care system.

ReadyNation commissioned a survey of over 400 US businesses and over 2/3 stated they would likely expand child care support to their employees, but cited barriers to doing so.

Therefore, we call on Congress to:

Increase and sustain public investments in our nation's child care system:

- Provide direct grants to child care providers to increase capacity, improve quality, and expand child care options in areas where care is currently unavailable – including for parents who work shifts with non-traditional hours and on the weekends.
- Increase direct subsidies for low-income working parents in the Child Care Development Block Grant (CCDBG) so they can select the type of care that is best for them and their children.
- Make permanent the expansion of the Child and Dependent Care Tax Credit (CDCTC), which will help parents afford care by setting aside pre-tax income for costs.

Foster business innovation and partnership to help extend the impact of public investments:

- Incentivize state child care agencies' use of CCDBG quality set-aside funds to partner with employers to create or tap into existing public child care referral networks to assist parents in accessing the care of their choice, and make those resource and referral services available in real time, and linked in company communications.

- Fund and update Small Business Administration (SBA) resources and guidance to assist child care providers in launching their business and fund developing networks of experienced business leaders who can assist with startup and sound financial practices to facilitate child care business viability.

Expand and update provisions in the tax code that will enable businesses to further contribute to increased access and supply of affordable, quality child care:

- Expand and update the Employer Child Care Tax Credit. Employers have the option to provide any of these supports: on-site or off-site child care, space or broadband for child care providers, child care tuition subsidies to their employees, or establish/subsidize emergency or back-up care networks for employees. Remove the existing annual cap (currently at \$150,000), and clarify in the code that these activities are not employee benefits.
- Increase the annual cap on Dependent Care Flexible Spending Accounts (DCAP) to reflect the true cost of care, and allow businesses to claim a tax credit to offset the costs of setting up a DCAP for their employees, as well as their employer contributions made to their employees' DCAPs.

Now is the time to pass bipartisan, comprehensive, sustainable reforms to our nation's child care system. We must come together to support children, families, and business innovation through increased public investments to help solve the ongoing child care crisis.

Thank you for your attention to this critical issue.

Sincerely,

**Please Note: Below signatories lend their names in an individual capacity, not as a company representation. Company/organization names are included for information purposes only.*

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