August 12, 2022

Michelle Asha Cooper
Acting Assistant Secretary for Postsecondary Education
Office of Postsecondary Education, Department of Education
Lyndon Baines Johnson (LBJ) Building
400 Maryland Avenue, S.W.
Washington, DC 20202

RE: Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program (*Document Citation: 87 FR 41878 Docket ID ED-2021-OPE-0077*)

Dear Assistant Secretary Cooper,

Child Care Aware® of America (CCAoA) appreciates the opportunity to provide comments in response to the U.S. Department of Education's (the Department) Notice of Proposed Rulemaking (NPRM) regarding expanding access to the Public Service Loan Forgiveness (PSLF) program to early educators working in for-profit settings. We urge the Department to revise and strengthen the regulations of PSLF to ensure that all early childhood educators working in licensed or regulated settings, including for-profit and non-profit entities, qualify for PSLF.

Child Care Aware® of America is a national membership organization that works with state and local Child Care Resource and Referral (CCR&R) agencies and other community partners to ensure that all families have access to quality, affordable child care. CCAoA leads innovative projects that increase the quality and availability of child care, and advance the early childhood education profession. CCAoA also conducts research, and advocates for child care policies that foster equity and improve the lives of children and families.

Early childhood education (ECE) delivery currently exists as a mixed-delivery system that consists of center-based child care, family child care (FCC) programs (which can be structured as non-profits, for-profits or sole-proprietorships), public programs such as Head Start, and state/locally funded public prekindergarten programs. Without a comprehensive and federally funded public early childhood education system, such as the K-12 education system, for-profit child care providers play an essential role in providing safe care and supporting the education and development of our country's youngest children. Many of these types of providers are FCC providers, who offer child care in a home. This is the most prevalent child care placement for infants and toddlers[i] and is heavily-relied upon by families who work non-traditional hours.[ii]

Historically, the entire early education workforce working in both non-profit and for-profit settings have been severely under-compensated. In May 2021, child care providers were earning an average of just $13.31 or $27,680 annually.[iii] Many child care providers, who are primarily women and often women of color[iv], are at risk for hunger and food insecurity.[v] Of the nearly one million child care workers in the

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United States, one out of three experienced food insecurity in 2020.[vi] Between 2014 and 2016 more than half (53%) of child care workers— compared to 21% of the U.S. workforce—were part of families enrolled in at least one of four forms of federal assistance.[vii]

Additionally, the low wages and lack of benefits are the reason so many child care professionals continue to leave the field and may not return. As a result, without adequate staffing, child care programs cannot accommodate the number of children that they previously could, affecting parents' ability to stay in the workforce themselves. As CCAoA's 2022 report, *Demanding Change* explains, nearly 16,000 child care providers, including 8,900 child care centers and 7,000 licensed FCC programs, permanently closed from December 2019 to March 2021, in the 37 states for which data was available.[viii] This represents a 9% loss in licensed centers and a 10% loss in licensed FCC programs.

As wages remain stagnant, the cost of higher education has increased dramatically over the past fifty years. Between 1970 and 2020, average annual tuition and fees at public four-year institutions increased by more than 380%, and by 308% at private four-year institutions, after adjusting for inflation.[ix] In a recent survey of child care providers, 19% percent reported having student debt, compared to 17% of the overall adult population.[x] With the increasing cost of living and the increasing cost of higher education, the field needs meaningful strategies, such as PSLF, to retain high-quality early childhood educators to care for our country's youngest children.

Currently, the Department has interpreted the PSLF statute to mean that only early childhood educators working in non-profit or public settings are eligible for PSLF. However, the current definition of early childhood education as a qualifying public service job in the U.S. Code is independent of the entities' non-profit status. In addition, the statute does not specify how PSLF applicants must verify their employment. Therefore, we strongly encourage the Department to use its regulatory authority to expand eligibility for PSLF to include all early childhood educators working in licensed or regulated settings as defined in §103(8) of the Higher Education Act (20 U.S.C. 1003) and the statutory definitions for the PSLF program (20 U.S.C. 1087e(m)(3)(B)(i)).

CCAoA recommends the following modifications be made to the PSLF program to support retention of the early childhood education workforce:

1. 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? As mentioned above, an expansion of eligible employers without simple and clear criteria that minimizes the judgment required by the Department would be impossible to administer. The Department is interested in potential solutions for addressing these operational limitations. For example, are there sources that could identify IRS employer identification numbers for licensed and regulated early childhood education programs, as defined in §103(8) of the Higher Education Act (20 U.S.C. 1003)? Could those same sources identify whether the employer meets other requirements in this regulation, such as having a majority of an employer's full-time equivalent employees provide a qualifying service in the form of early childhood education for young children?

To verify qualifying early childhood education employers, we encourage the Department to expand the process to include a combination of submitting evidence of the employer's state license or evidence of state registration, self-attestation by the employer, and/or submitting individual tax returns. The current PSLF statute does not specify a particular way to verify early childhood education employers. However, the Department has identified through regulations, the Federal EIN as the primary means for determining employer eligibility. We encourage the Department to use its regulatory authority to expand the criteria and sources to verify eligibility for PSLF of an early childhood education employer.

States, territories, and tribes are already maintaining public lists of licensed and registered child care programs. The Child Care Development Block Grant (CCDBG) is the primary source of federal funding to states, territories, and tribes to provide child care assistance for families with low-incomes and improve child care quality. States, territories, and tribes must designate (42 U.S.C. §§ 9858b(a)) and identify (45 C.F.R. § 98.16(a)) in their Child Care Development Fund (CCDF) State Plan, which serves as their application to receive CCDBG, a lead agency that administers the funds in compliance with federal requirements under the law. Current contact information for all lead agencies and all approved CCDF Plans are posted online by the U.S. Department of Health and Human Services' Office of Child Care. The lead agencies must also collect and disseminate through a public website, information about the availability of child care (42 U.S.C. § 9858c(c)(2)(E)(i)(III)) that includes a localized list of all licensed child care programs searchable by zip code (45 C.F.R. § 98.33 (a)(2)). As such, these lists are searchable by the public, including Department administrators, and the CCDF lead agencies are charged with maintaining this information. The Department can utilize these lists to verify against the license or registration number for the qualified ECE employer provided as a part of a PSLF application. This approach also provides the potential for automation, pulling in state lead agency lists to the Department's verification system, which would balance the need to minimize judgment required by the Department.

We recommend verifying early childhood education employers' license or evidence of registration as the process for the Department to confirm PSLF eligibility because the use of verifying EIN alone excludes many FCC providers or may cause complications for other qualified for-profit providers. In many parts of the country, especially rural areas, families rely on FCC providers instead of center-based child care. There are situations where FCC providers are permitted to operate under their social security number and do not always have an EIN. Additionally, we recommend that self-attestation, or alternative tax forms to a W2, such as a 1099 or a Form 1040 Schedule C, be used for qualifying employees to verify their place of employment. We recommend this approach because most FCC businesses are operated by a sole proprietor and do not receive a traditional salary, but the net profit from operating the business.[xi] Without this verification method, PSLF would be inaccessible to the FCC workforce, who are in most cases sole proprietors without an employer to sign-off on employment verification and may not have a W2 to document their employment status and wages.

2. 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?

We do not encourage the Department to use receipt of federal funding as a requirement for for-profit early childhood education employers to be qualified for the purposes of PSLF. Receipt of federal funding is not currently a requirement in PSLF statute or regulations for non-profit early childhood education employers, therefore, it would not be consistent to make this a requirement of for-profit early childhood education employers.

Additionally, adding this requirement would make the verification of eligibility of for-profit FCC programs more difficult and result in greater administrative complication and burden, as there is not a central source within the federal government which houses EIN numbers of early childhood education programs that receive federal funding.

While all states, as well as several territories and tribes, participate in CCDBG, they apply widely varying standards for eligibility to receive these federal funds. In 2016, only 15% of eligible children under federal CCDBG parameters had access to child care subsidies.[xii] Some child care providers are not in receipt of federal funding as the children they enroll are currently on subsidy waitlists. Only 75.7% of center-based providers reported receiving public funding[xiii] and only 62.4% of FCC providers reported receiving any reimbursements from any local, state, or federal government programs.[xiv] Additionally, public reimbursement rates do not cover the true cost of providing care to children, meaning some providers cannot even afford to opt-in to providing publicly subsidized child care services. Local governments oftentimes have other scholarship programs for families that do not include federal funds to try and bridge the supply gap. Therefore, application of a requirement that child care providers receive federal funds would underscore existing disparities and inequities in access. We urge the Department to refrain from imposing a requirement that child care providers receive federal funds to be eligible for PSLF as to not exclude a significant and essential portion of the early childhood workforce.

3. Could the Department limit PSLF eligibility to only for-profit early childhood education employers for which another Federal agency such as the U.S. Department of Health and Human Services has provided employer identification numbers and information that would help the Department easily assess eligibility?

We urge the Department not to limit PSLF eligibility to only for-profit early childhood education employers for which another federal agency has an EIN number. As mentioned in Question 1, the use of EIN as the only means to verify that an employer is eligible for PSLF excludes many FCC providers. The best way for the Department to assess eligibility is to look to the structure of CCDBG, which requires a state, tribal, or territory lead agency to make decisions about and implement policies around licensure and regulation. State lead agencies hold this information and are best situated to support eligibility assessment.

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?

The inclusion of early childhood educators as eligible for PSLF regardless of their attachment to the public or non-profit sector is consistent with the goals of the program. This modification accurately reflects the difference in structure in the early childhood education systems as compared to other education sectors operating under a public system. The early childhood education system only exits and can offer essential services to communities because of individuals or small child care businesses, occasionally subsidized in part by federal funds.

CCAoA is a proponent of minimizing higher education debt for early childhood educators as a critical retention strategy for a workforce already in crisis. Educators frequently leave the field for other professions, further exacerbating the issue of permanent child care program closures we are seeing across the country. Consistency in educators contributes to the best situation for children, as well, but low wages makes it difficult to retain a high-quality workforce. High-turnover in educators has many negative consequences for children, especially infants, who are forming initial patterns of secure attachment.[xv] Ensuring that all early childhood educators have access to PSLF can ease the burden of professional development that they face and incentivize staying in the field.

5. Are there other considerations for including for-profit early childhood education as a type of qualifying employer for PSLF? For example, this could include Congress' specific mention of licensed and regulated childcare programs in §103(8) of the Higher Education Act (20 U.S.C. 1003), or the PSLF legislative history.

Legislative history demonstrates that Congress never intended the regulatory body to limit qualification for the PSLF program to non-profit employers only. The House of Representatives report from the College Cost Reduction Act of 2007, which is the original authorizing legislation for PSLF, described that the intended purpose of the program was to attract individuals to lower-paying public service professions. The "professions of national need" mentioned in this report explicitly included early childhood education, without the qualification of being provided in a non-profit entity.[xvi]

The Higher Education Act, last reauthorized in 2008, defines what constitutes a public service job for the purpose of the PSLF program. This definition explicitly includes "early childhood education (licensed or regulated child care, Head Start, and state-funded prekindergarten... or at an organization that is described in section 501(c)(3) of title 26 and exempt from taxation under section 501(a) of such title" (20 U.S.C. 1087e(m)(3)(B)(i)). This definition reinforces that the entire licensed or regulated early childhood education field provides a public service and non-profit status is a separate, but not a necessary, condition of eligibility under the statute, meaning the Department's current requirement that early educators be employed at either a non-profit or public program is additive and not aligned with the statute governing PSLF. Therefore, it is consistent with the purposes and goals of the PSLF program and with legislative history to include all licensed or regulated child care programs, regardless of non-profit status, as qualifying early childhood employers.

CCAoA appreciates the opportunity to comment on this NPRM and welcomes further questions as we work collectively to invest in a high-quality early childhood education system for our nation's children, families, and communities.

Sincerely,

Lynette M. Fraga

Lynette M. Fraga, Ph.D.
Chief Executive Officer

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