ZERO TO THREE
Early connections last a lifetime

August 12, 2022

ZERO TO THREE Comments RE: Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program (Docket ID ED-2021-OPE-0077)

As the leading national nonprofit representing the needs of infants and toddlers and their families, ZERO TO THREE appreciates the opportunity to comment on the recently proposed rule by the Department of Education to expand Public Service Loan Forgiveness (PSLF) to early educators working in licensed and regulated settings, regardless of non-profit status. Our comments below are specific to that section of the proposed rule and are designed to address the key questions the Department has put forth in assessing the feasibility of and rationale for expanding access to early educators in for-profit settings.

The early childhood education system in the United States is unique in that, unlike in K-12 and higher education, most families do not have access to a publicly financed system of care for their children who have not yet reached kindergarten age. Instead, early care and education is provided by a mixed delivery system made up of some public programs, but largely non-profit and for-profit child care centers, family child care homes, and informal caregivers. Absent robust public funding, this system is financed through a combination of prohibitively high-parent fees and uncompetitively low educator compensation. Yet even with the low levels of compensation they receive, early educators are professionals that play a critical role in shaping the foundational early brain development of infants and toddlers; and higher education plays an important role in preparing and supporting many early educators in this work.

When Congress authorized the PSLF program in the Higher Education Act, it explicitly recognized both the critical role early childhood educators play in serving the public good, and the ways in which jobs in the early childhood education system are structured as distinct from those in other public serving sectors. The Higher Education Act included all licensed or regulated child care, Head Start and state-funded pre-K programs as eligible employers for the purpose of loan forgiveness, regardless of non-profit or public status. Unfortunately, the Department of Education's interpretation of this statute has, to this point, gone beyond Congress's written intent by requiring that early childhood educators work for a non-profit or public provider of early care and education to be eligible for loan forgiveness.

We applaud the Department's attention to this issue in this proposed rule, and strongly urge the Department to use its regulatory authority to expand

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eligibility for PSLF to early childhood educators working in licensed, regulated and registered for-profit child care programs, including family child care programs, in line with the purpose of the program and the language of the governing statute. Our responses to the Department's specific questions below are intended to support the Department in assessing the operational and legal feasibility of making this proposed change.

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?**

   The Higher Education Act does not specify how employer eligibility for the PSLF program should be determined. The Department has historically relied upon IRS employer identification numbers (EIN) as the primary tool to determine this eligibility. Because these numbers are easily linked to an organization's non-profit tax status, they represent a streamlined way for the Department to assess employer eligibility under its current regulatory requirement that only non-profit and public entities are eligible employers under PSLF. EINs, unfortunately, are not as easily linked to an early education program's status as licensed or regulated as required by the PSLF statute. While an EIN then may be sufficient to determine employer eligibility for a 501(c)(3) early childhood program, the Department should use its regulatory authority to expand the ways in which a licensed or regulated early childhood education program that operates for profit can be determined to be an eligible employer under PSLF, aligned with the current statute.

   While there is not a federal database that lists all licensed and regulated child care programs, each state is required by the Child Care and Development Block Grant Act to have a lead agency charged with

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administering (or coordinating the administration of) that state's child care program. These responsibilities include regularly monitoring and maintaining records of all licensed and registered child care programs regulated by the state. The Department should then coordinate with each state's child care lead agency to verify an employer's child care license or registration number as an alternative form of verifying eligibility to an EIN. This approach could potentially be automated as well, by pulling state lead agency lists into the Department's verification system, further minimizing the need for the Department to make individualized judgments on employer eligibility.

The Department should also give special consideration to the circumstances many licensed and regulated family child care providers will likely face in verifying their employment eligibility, particularly small family child care providers who are the sole employee of their program and would thus be unable to practically attain an employer signature or produce a W2 to verify employment. These small family child care providers made up approximately 70 percent of the licensed family child care market in 2017 and play a critical role in reaching infants and toddlers, children in underserved areas, children with disabilities, and those receiving care during non-traditional hours.[i] For these providers, who are eligible as early childhood educators under the Higher Education Act's definition, the Department should allow for self-attestation of employment, through the use of alternative documentation procedures that currently exist within the system for individuals who cannot secure their employer's signature.[ii] For example, a sole proprietor family child care provider could provide their license number to verify their employer eligibility, alongside their 1040 Schedule C tax documents to verify their employment status and earnings.

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?**

The Department should not use receipt of federal funding as a requirement for for-profit early childhood education employers to be a qualifying employer for PSLF. This is not a requirement of the PSLF statute, nor is it a requirement for non-profit early education employers, so it would be inconsistent for the Department to establish this as a requirement for for-profit employers.

Establishing such a requirement would also fail to acknowledge how limited federal funding is in the child care sector. The Child Care and Development Block Grant (CCDBG) is the largest source of federal funding in the child care sector, but funding for the program is limited such that just 15 percent of children eligible under federal rules receive a subsidy.[iii] The lack of a robustly funded public child care system in the U.S. is why it is necessary for private and for-profit providers to be eligible employers for the purpose of PSLF, unlike their peers in the K-12 and higher education sectors. This eligibility should not be further constrained by the limitations of federal funding support for the child care sector.

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?**

   Since federal child care funding is structured as a block grant and largely administered by state agencies, the federal department of Health and Human Services is not well positioned to help the Department easily assess early educator employer eligibility as licensed and regulated child care programs. The Department should instead look to state, territorial, and tribal lead agencies, which exist in every state and hold information about provider licensure and regulation. These agencies are best positioned to support the Department in making its assessment of employer eligibility.

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?**

   When Congress authorized the PSLF program, it specified that the intended purpose of the program was to attract individuals to low paying professions of national need, and explicitly included early childhood education as one of those professions.[iv] The inclusion of licensed and regulated for-profit early childhood education as qualified employment is consistent with this purpose, and an accurate reflection of the child care market in the U.S.

   Absent a robust public sector for early childhood education in the U.S., the child care sector can be best described as a mixed delivery system provided largely by individuals or small businesses in a variety of settings. According to the latest National Survey of Early Care and Education, there were approximately 121,000 center-based providers of early care and education employing 1.82 million early educators in 2019[v] and nearly 5.2 million providers caring for children under 13 in their homes.[vi] Of these centers, just 15 percent were run as public programs by the government, while 47 percent were operated as non-profits and 34 percent were operated as for-profit programs.[vii] Of these home-based providers, 91,200 were considered listed – appearing on state or national lists of early care and education services including licensed, regulated, or license-exempt programs, and cared for 291,000 infants and toddlers.[viii] Across all these settings, providing child care and early education remains a critically important, and severely undercompensated public service.

Early childhood educators play an important role alongside families in shaping young children's foundational brain development during the earliest years of their lives. As infants and toddlers interact with their environments and caregivers during the first three years of their lives, their brains are making more than one million neural connections every second, shaping the foundation of their future development and learning.[ix] The strength of this foundation is shaped in large part by the relationships infants and toddlers experience with their adult caregivers, including early educators.[x] The evidence is clear that high-quality child care improves young children's early learning; cognitive and language development; social and emotional development; and later school achievement.[xi] While not a guarantee of quality, higher education can play an important role in developing the knowledge and competencies of the early childhood workforce, and in turn supporting higher quality care for young children during these critical early years.[xii]

Higher education plays an important role in supporting the knowledge and competencies of the early childhood workforce, yet higher education attainment by the workforce is limited. Just 35 percent of center-based staff and 15 percent of home-based staff have a bachelor's degree, while 17 and 16 percent respectively have an associate degree and 28 and 34 percent have some attended some college without a degree.[xiii] Even still, student debt remains a challenge for the sector, with nearly 1 in 5 reporting that they carry student loan debt.[xiv]

Both access to higher education and the ability of the early childhood workforce to pay off its student loan debt are hampered by exceedingly low compensation. Absent robust public funding, the child care market in the U.S. is propped up by a combination of high parent fees and low provider wages, with for-profit educators typically operating on profit margins of less than 1 percent.[xv] On average, child care workers make just over $24,000 a year and lack access to basic benefits, while preschool teachers make a little over $30,000 and kindergarten teachers over $58,000. Furthermore, early educators with bachelor's degrees face a severe pay penalty compared to their peers working with school aged children. This gap in pay for similarly credentialed educators ranges from 2.9 percent in Florida to more than 50 percent in New Mexico.[xvi]

Low compensation, combined with challenging work conditions leads to exceedingly high turnover in the child care sector, which is particularly harmful to young children who thrive on consistency in their adult relationships. An estimated 26 to 40 percent of the child care workforce leaves their job each year in the U.S.[xvii], a problem that has been exacerbated and compounded by the ongoing COVID-19 pandemic.[xviii] Expanding eligibility for PSLF to the broader universe of licensed and registered child care providers will not be a panacea to the workforce challenges the sector faces. However, it would open up a path to degree attainment for a wider range of early educators, especially those who work with infants and toddlers, who are less than half as likely as educators working with 3-5 year old children to have a bachelor's degree.[xix] It would also create an additional incentive for them to stay in their field upon graduation, consistent with the purposes of the PSLF program.

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 §1003(8) of the Higher Education Act (20 U.S.C. 1003), or the PSLF legislative history.**

The legislative history of the PSLF program clearly demonstrates that Congress intended for the program to apply as broadly as possible to the licensed and regulated child care industry. PSLF was originally authorized as part of the College Cost Reduction and Access Act of 2007 (Public Law 110-84), with Committee reports at the time noting that the program was designed to address the "growing number of individuals who do not choose to enter into lower paying professions, such as public service, because of growing debt due to student loans." The House Committee report also explicitly mentioned targeting forgiveness to individuals serving the country in "professions of national need," of which early childhood educators were included.[xx]

While this initial legislation limited the definition of a public service job, as applicable to early childhood educators to public education or public child care, Congress quickly and clearly recognized that such a narrow definition was not applicable to a significant portion of the early education sector it intended to capture in the PSLF program. In 2008, Congress enacted the Higher Education Opportunity Act (Public Law 110-315), which amended and clarified the definition of a public service job to include all licensed or regulated child care, Head Start, and State funded prekindergarten, separating eligibility for early educators from employment in the non-profit or public sectors.[xxi] Notably, in this definition, early childhood education is the *only* sector for which public service loan forgiveness is not limited by law to employment in the public or non-profit sectors, reflecting the stark reality that unlike in K-12 and higher education, for example, most parents do not have access to a robust, public system of early care and education, especially for infants and toddlers.

By historically denying access to Public Service Loan Forgiveness to private, for-profit early educators, the Department has gone beyond Congress's clear intent to ensure that employees of all licensed and regulated early educators, regardless of setting, be included as eligible for Public Service Loan Forgiveness. By expanding eligibility to employees in the broadest possible range of licensed and regulated early educators, the Department would correct this error and bring the administration of the program back in line with what the letter of the law and Congress's original intent.

Sincerely,

Miriam Calderón
Chief Policy Officer
ZERO TO THREE

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and Education Providers in 2012 and 2019: Counts and Characteristics. https://www.acf.hhs.gov/sites/default/files/documents/opre/NSECE-chartbook-homebased-may-2021.pdf.

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[viii] Id at vi.

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[xvi] Berkley Center for the Study of Child Care Employment. (2020). Early Childhood Workforce Index 2020. https://cscce.berkeley.edu/workforce-index-2020/.

[xvii] Id at xv.

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[xxi] Higher Education Opportunity Act (H.R. 4137). https://www.congress.gov/bill/110th-congress/house-bill/4137.