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February 24, 2023

Mr. Michael Schmidt
Director
CHIPS Program Office
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

RE: Incentivizing Employer-led Investments in Quality, Affordable Child Care

Dear Director Schmidt:

As the Department of Commerce considers how best to implement the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, I write to further encourage a shaping of the CHIPS Incentive Program to reward semiconductor manufacturers for making meaningful investments in affordable, quality child care options for their workforce by prioritizing them for funding.

Investing in child care for families not only paves the way to long-term success for children early, but it also helps employers retain a productive workforce. Moreover, women are often more responsible for child care duties, leaving them out of the labor force and stymieing opportunities to advance their careers and grow their salaries. However, if given affordable options for care, the number of women working full time in the workforce would increase by 17 percent, and 31 percent for those without a college degree.¹ Parents should not have to struggle balancing their employment with their children's care needs while their employers enrich themselves with federal awards, all to the benefit of their shareholders and not those workers whose labor drives the company's success.

The federal government recognizes the potential that employers have in addressing their workforce's child care needs and giving preference to recipients that make care economy investments in the CHIPS Program would be consistent with those values. However existing incentives only go so far. For instance, the Employer-Provided Child Care Credit encourages workplace-provided child care and reimburses employer investments up to \$150,000. However, once the employer exceeds the maximum expenditure limit and receives the full credit, there is no financial incentive to go beyond those costs. For these reasons, the CHIPS Program should be

positioned to encourage manufacturers to maximize their investments in keeping quality child care options affordable for their workers

Parameters for Child Care Investments

As DOC determines the parameters of a robust child care program, I would like it to take the following into consideration:

- **Non-traditional Operating Hours:** Non-traditional hour care is particularly important for parents employed in restaurants, hospitals, retail operations, or other roles requiring evening, night or weekend work when access to child care is limited. Workers in this category have just 8 percent of the options that regular hour employees do.² Providers on the other hand also face the challenge of staffing and financial planning in meeting those non-standard hour needs. The CHIPS Program should prioritize manufacturers that invest in solutions to these obstacles by demonstrating a willingness to work with odd-hour child care providers to increase affordable, quality care options for their affected workers.
- **Child Care Subsidies:** The cost of child care remains one of the most expensive items for families, with a survey confirming that a majority of parents are spending 20 percent³ more of their income on this expense. In contrast, the Department of Health and Human Services considers care to be affordable when it does not exceed 7 percent of household income.⁴ To defray these costs, companies may directly address those financial challenges by offering stipends, vouchers, or other types of subsidies directly to their workers, giving them the flexibility to meet their child care needs.
- **On Campus or Campus-Adjacent Facilities:** Workers need child care options that are high quality, affordable, and also convenient. Child care facilities on- or near-worksites help eliminate the stress of incorporating child drop-off before and after working hours. Manufacturers demonstrating partnerships with established child care providers to expand or establish conveniently located facilities should be recognized. Similarly, manufacturers should consider sponsoring their own quality programs to help ensure workers have access to accessible and affordable care options.
- **Program Quality:** Child care programs are a necessary component of children's development and learning at an early age. To ensure that employers provide child care that adequately meets the educational needs of children, special attention should be paid to how well the program facilitates their growth. A quality program should allow adults to give children adequate attention and meaningful interactions, including by providing group sizes encouraging that synergy. In addition, programs should pay their workers a living wage with benefits, espouse policies and practices accommodating students with special needs, and invest in regular staff training and professional development.
- **Community Engagement:** Child care worker shortages and the high price of quality care are at the center of our nation's child care accessibility crisis. Employers can show strong engagement with their communities by implementing child care investments in a way that responsibly illustrates an understanding of those challenges. By collaborating with

community stakeholders, including child care providers, unions, and other community-based organizations, manufacturers can identify opportunities to help raise wages to recruit, train, and retain child care workers, while keeping costs within affordable reach for the families that need it.

Examples

Some states and local governments have made investments incentivizing child care by adding grant requirements increasing equity. Below are two examples:

- **Equal Representation in Construction Apprenticeships (ERiCA) Grant Program (California)**⁵: The Department of Industrial Relations launched this program, committing \$25 million in funding to improve access to training and employment opportunities for women, non-binary, and underserved populations within the building trades. Applicants can apply for grants up to \$3 million that can be used for child care for trainees in both pre-apprenticeship and apprenticeship programs. Applicants can also apply for grants up to \$2 million to support outreach and community building activities. Applicants who apply for both categories can request up to \$4 million in funds. More information can be found here:
- **Highway Construction Workforce Development Program, Diversity in Construction (Oregon)**⁶: Oregon Statute 184.866 on Highway construction workforce development directs the state to spend half of 1 percent of DOT funds to increase diversity in the highway construction workforce. Allowable expenses include (but are not limited to) training, supportive services, and child care. A portion of these federal state highway funds are used to fund the Apprentice-Related Child Care program, created by three state agencies in Oregon in 2011 and managed by the Oregon Bureau of Labor and Industries.⁷ This program offers a child care subsidy of up to \$2,500 per child per month to support workers in the construction highway trades apprenticeship and pre-apprenticeship programs.

Washington State has been looking at similar opportunities to help employers develop plans for addressing their workforce's child care needs via their Employer-Supported Child Care Technical Assistance Program. They support businesses in several ways:

- **Employer Technical Assistance** connects expert business technical assistance providers, contracting and partnering with the WA Department of Commerce, with practitioners to consult with employers. Assistance topics include HR policies, financial modeling/cost-benefit analysis, legal consultation, insurance and liability considerations, etc. Employers have different capacity and capabilities to support child care solutions. Currently, WA's Commerce is developing a rubric to outline employer solutions tiers to support employers as they determine the feasibility for any one, or set of, solutions.⁸
- **Family Friendly Business Designation/Recognition** promotes and inspires family-friendly businesses with a designed brand and marketing to acknowledge family-friendly employers and pique the interest of other employers. Employers will be recognized for their level of family-friendly efforts similar to the considerations mentioned at the

beginning of this memo. This is intended to educate and inspire employers to consider what it may take to incorporate the next level of solutions into their business practices.

Conclusion

Again, I thank the Department for its continued interest in prioritizing applicants with intentional, substantial approaches to meeting their workforce's child care needs. I look forward to continued discussions for ensuring federal awards cultivate success for employers and the working families driving their success.

Sincerely,



PRAMILA JAYAPAL
Member of Congress

cc: The Honorable Gina M. Raimondo, Secretary, U.S. Department of Commerce

¹ National Women's Law Center, "A Lifetime's Worth of Benefits," March 2021, <https://nwlc.org/wp-content/uploads/2021/04/A-Lifetimes-Worth-of-Benefits-FD.pdf>

² Administration for Children and Families, "Provision of Early Care and Education during Non-Standard Hours," April 2015, https://www.acf.hhs.gov/sites/default/files/documents/opre/factsheet_nonstandard_hours_provision_of_ee_to_opre_041715_508.pdf

³ Child Care Aware of America, "Demanding Change: Repairing Our Child Care System," February 2022, [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](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)

⁴ Child Care and Development Fund (CCDF) Program, *81 FR 67438 amending 45 CFR 98*, November 2016, <https://www.federalregister.gov/documents/2016/09/30/2016-22986/child-care-and-development-fund-ccdf-program>

⁵ California Grants Portal, "Equal Representation in Construction Apprenticeships (ERiCA) Grant Program Year (PY) 2023-2025," October 2022, <https://www.grants.ca.gov/grants/equal-representation-in-construction-apprenticeships-erica-grant-program-year-py-2023-2025/>

⁶ OregonLaws.org, "ORS 184.866, Highway construction workforce development," June 2021, https://oregon.public.law/statutes/ors_184.866

⁷ Early Learning Nation, "How Child Care in Oregon is Saving the Construction Trade," January 2023, <https://earlylearningnation.com/2023/01/how-child-care-in-oregon-is-saving-the-construction-trade/>

⁸ Washington State Department of Commerce, "Employer-Supported Child Care Technical Assistance Program," <https://www.commerce.wa.gov/program-index/employer-supported-child-care-technical-assistance-program/>