



NATIONAL WOMEN'S LAW CENTER

Justice for Her. Justice for All.

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THE CARE MINIMUM: FEDERAL POLICY SOLUTIONS FOR RAISING WAGES AND INVESTING IN CHILD CARE

This piece is a companion to [The Care Minimum](#), which presents a more robust discussion of the intersection of raising wages and funding the child care system.

The COVID-19 pandemic and ensuing recession have brought into stark relief the essential role of child care for families, communities, and our economy overall. But like many other essential workers, child care workers—most of whom are women, disproportionately women of color—are undervalued and often paid poverty-level wages.

Women have exited the labor force in record numbers during the pandemic, driven in large part by the inaccessibility of child care. At the same time, jobs for child care workers are also in peril; there have been more than 170,000 child care jobs lost since February 2020, meaning nearly half of the child care jobs lost at the beginning of the pandemic have not yet returned. A real economic recovery, especially for women, will not be possible unless we build a strong child care system while also dismantling the systemic inequalities facing Black and brown women in the workplace—including the fundamental injustice of minimum wage laws that allow employers to pay people too little to meet their basic needs.

Right now, Congress is considering raising the federal minimum wage, something that has not been done in more than a decade. Experts estimate that raising the minimum wage to \$15 per hour by 2025 will boost wages for 32 million people, and nearly 60% of the workers who will get a raise are women. Raising the minimum wage to \$15 an hour is a critical step to improve pay for child care workers and for

millions of working families—which means it is a critical step toward high-quality, affordable child care for all.

But to ensure that high-quality care is accessible for all families who need it, policymakers must also increase investment in the child care system. By advancing a minimum wage increase in conjunction with robust public investments in child care, we can ensure that wage increases benefit working families, child care workers and providers, and the economy overall.

RAISING THE MINIMUM WAGE IS VITAL, LONG OVERDUE, AND WILL HAVE A DIRECT AND POSITIVE IMPACT FOR CHILD CARE WORKERS.

Child care workers—who struggled to make ends meet even before the current economic crisis—are among those who would benefit most from an increase in the minimum wage. In 2018, one in ten child care workers had incomes below the federal poverty line, which is twice the poverty rate for workers overall. Child care workers across the country typically are paid less than \$12 an hour. And yet, we know that higher wages improve job quality and stability for child care workers—which in turn improves continuity and quality of care—while helping child care workers support themselves and their families. Recent analysis shows that

raising the minimum wage to \$15 an hour by 2025 would [increase wages for half of all child care workers](#).

During a recession, [raising wages has been shown to boost the economy](#) by increasing the purchasing power of households with low incomes, which helps build economic security for low-paid workers and communities of color. And when paired with the increased public investment necessary to offset the cost to child care providers of higher wages for child care workers and staff, raising the minimum wage would better allow low- and middle-income families to afford high-quality child care.

LEGISLATIVE SOLUTION: RAISE THE WAGE ACT

The Raise the Wage Act would increase the federal minimum wage from \$7.25 to \$15 an hour by 2025, then index the minimum wage so it continues to rise along with wages overall. It would also end unfair exclusions for tipped workers, people with disabilities, and young workers so that all working people can benefit from a decent minimum wage. Raising the minimum wage is one important way policymakers can value the people who are caring for children, protecting public health, and keeping the economy afloat. And by ensuring that a higher minimum wage applies to everyone, including people who have historically been excluded from this basic labor protection, the bill would help dismantle historic inequities.

MAKING SMART, LARGE-SCALE INVESTMENTS IN CHILD CARE WILL HELP SECURE OUR LONG-TERM FUTURE.

To fully realize the benefits of a minimum wage increase, policymakers need to ensure that child care providers can stay in business, child care workers can keep their jobs, and families can more easily afford high-quality child care. Decades of underinvestment—driven by this country’s [devaluing of care work and women’s labor](#)—and failure by lawmakers to treat child care like a public good means providers operated on thin margins even before the pandemic.

There are genuine differences between child care and other sectors that will be directly impacted by a minimum wage increase; for one, labor is the bulk of operating costs

for child care. This means when labor costs rise, providers who rely heavily on payments from parents to keep their doors open—including private care centers, preschools, and family, friend, and neighbor care—could be faced with the undesirable option of charging more for their services. But with unemployment high, it will become increasingly difficult for providers to collect tuition from parents who are themselves dealing with lost wages.

Instead of forcing costs onto providers or parents, policymakers need to invest in child care as a public good. The American Rescue Plan, signed into law on March 11, 2021, was a historic investment in programs that support working families, small businesses, and the overall economy. In particular, the money invested in the child care sector will help stabilize the industry and save hundreds of thousands of jobs and businesses. Securing short-term emergency funding also presents an opportunity for lawmakers to put financing in place to support long-term investments in child care.

LEGISLATIVE SOLUTION: CHILD CARE FOR WORKING FAMILIES ACT

The Child Care for Working Families Act would build on the emergency funds provided by the American Rescue Plan and make the comprehensive, long-term investments we need to further improve compensation and job quality for care providers and increase families’ access to child care assistance. The bill would increase funding available through the Child Care and Development Block Grant program to make child care more affordable, while also addressing the shortage of high-quality care, particularly for children in underserved areas and children with disabilities. It would also increase education and training opportunities for child care workers and support family, friend, and neighbor care providers to better meet the needs of all families.

The path toward a more just and equitable economy is not found by carving out certain sectors of working people. Instead, we can advocate together for minimum wage increases and child care investments that are implemented in concert as part of a long-term strategy to create an economy that works for all of us. The legislative solutions discussed above, along with similar efforts in states, can help drive a recovery that better values working people and their families.