

U.S. Senate Committee on Banking, Housing, and Urban Affairs

Subcommittee on Economic Policy

Written Statement of J. Glenn Hopkins

President and Chief Executive Officer

Hopkins House – A Center for Children and Their Families

September 20, 2023

Subcommittee Chair Warren, Ranking Member Kennedy, and distinguished members, thank you for this opportunity to appear before you to talk about the macroeconomic impacts of public policy measures since the coronavirus pandemic on children, the early care and education professionals who protect and care for them, and the communities and families served by Hopkins House, a nonprofit child development center located in Virginia.

Hopkins House was founded in 1939, and named in memory of Jonathan Milton Hopkins, an African American physician who practiced in the City of Alexandria until his death in 1927. Some of us may recall that Franklin D. Roosevelt was President then and *The Wizard of Oz* opened in movie houses that year to the delight of children everywhere. Dr. Hopkins and his wife did not have children of their own but left a legacy of love and hope for the youngest among us that has endured to this day.

In addition to an early care and education workforce development program in partnership with Northern Virginia Community College, Hopkins House operates programs for school-age youth and child development centers serving the young children of working and military families. Our child development centers are nationally accredited, Virginia Quality rated, and ranked by *Northern Virginia Magazine* among the top preschools in the metropolitan area.

Prior to the start of the coronavirus pandemic in 2020, Hopkins House provided services to over 319 children, ages 6 weeks to 5 years old, in our three child development centers and employed over 60 early care and education professionals, and our operating budget was \$3.5 million. Today, four years later, we serve just under 160 children, employ 41 staff, and have an operating budget of \$2.8 million. To conserve dwindling resources in our struggle to mitigate the financial impact on our organization, in 2022 we closed one of our child development centers that formerly served 124 children. We now operate just two centers, one in the City of Alexandria and the other in Fairfax County, Virginia.

At our child development center in Fairfax County, which serves families from the surrounding community and nearby Fort Belvoir Army base, the yearly tuition for childcare ranges from \$21,060 for infants to \$18,460 for 5-year-olds – in the midrange of comparable centers in the

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area. With an estimated median household income in 2021 of \$134,115¹, Fairfax County is home to some of the highest earners in the nation. The county is also home to many islands of poverty.

As a nonprofit organization committed to keeping the cost of our childcare services affordable for working and military families, while also generating sufficient resources to pay a livable wage to our staff, Hopkins House partners with government agencies and depends heavily on the generosity of our many charitable donors.

To ensure that all children have access to Hopkins House services, including and especially those from low-income working and military families, during the past four years we have provided over \$416,000 in need-based preschool scholarships funded entirely through the generosity of our donors.

One of the things that distinguishes Hopkins House from many of the child development centers in the area is the level of education and training we require of our educators and the many cultures and languages they bring to our classrooms. The Ghanaians, Moroccans, East Indians, Ukrainians, and Spaniards among our educators bring to the young scholars at Hopkins House the variety and richness of their life experiences – providing the children with an early awareness of the global community in which they will grow up and thrive.

Hopkins House is a learning community that requires of our educators what we expect of our students. Teachers, for example, must have a bachelor's degree to hold that title at Hopkins House and Assistant Teachers must have an associate degree. Our Classroom Aides (our entry level position) must enroll in college within 12 months of hiring if they wish to remain and advance at Hopkins House.

The \$65,000 annual cost of continuing education for our educators is paid through our partnerships with state and local governments and private funders. The return on this institutional investment in our educators is the high quality and measurable effectiveness of the early care and education they provide to our young scholars.

The Financial Toll of the Pandemic on Hopkins House and Childcare Providers in Virginia

During the past four years, as the pandemic threatened the personal health of Americans and the economic health of the country, Hopkins House spent over \$14.7 million to provide safe, high-quality early care and education to the community's children. Tuition revenue provided \$11.3 million (75%) of this amount; our generous donors contributed \$2.6 million (17%); and \$1.2 million (8%) came through the American Rescue Plan Act (ARPA).

During the pandemic Hopkins House has remained open, but for three weeks at the start of the public health crisis in 2020, to provide a safe haven for children of essential workers. The lion's

¹ Source: Census Bureau 2021 American Community Survey.

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share of our spending over the past four years, \$9.3 million, was the compensation paid to our amazing early care and education professionals who came to work every day despite the significant health risk to themselves and their loved ones.

During the pandemic, our payroll costs rose sharply, from \$1.8 million in fiscal 2019 to \$2.1 million in fiscal 2023 – a 17% increase over four years – as we increased pay and gave out bonuses in a bid to retain as much of our existing staff as possible and attract new staff to fill gaps created by pandemic related departures.

The pandemic also added a new expense to our already strained budget: Face masks, gloves, cleaning and sanitizing supplies, air purifiers, and increased work hours for our cleaning staff. To offset a portion of this considerable new expense, we temporarily relocated our headquarters to unused space at one of our centers, saving nearly \$250,000 in rent and utility costs over four years.

The financial toll inflicted by the coronavirus pandemic is not unique to Hopkins House. We are just one of hundreds of childcare providers in Virginia that endured painful experiences at the hands of the pandemic, experiences with lingering effect still today.

Barely two months into the pandemic, 130,373 licensed childcare slots in Virginia were at risk of disappearing as of April 24, 2020. By July of 2020, just four months into the pandemic, 2,261 of Virginia’s more than 6,000 childcare providers closed – nearly 40 percent. A month later, 42% of the regulated childcare capacity in Virginia had closed due to COVID-19. And two months later, 2014 providers in Virginia were closed and only 868 or 43 percent had reached out to the state’s Department of Social Services to provide a reopening date².

Virginia is not alone in feeling the impact of the pandemic on its childcare capacity. An estimated 25,940 early care and education professionals remain employed today in Virginia³. Nationwide due to the pandemic, 16,000 childcare providers closed permanently between December 2019 and March 2021⁴ and an estimated 166,800 fewer people are working today in America’s childcare sector⁵.

The Human Toll of the Pandemic on Early Care and Education Professionals

Childcare is a difficult and stressful occupation almost universally considered as essential to children’s learning and development, supportive for families, and foundational to the economy. In the very best of times, early care and education professionals work in conditions that place their mental and physical health at considerable risk, and the pandemic has only worsened the harm caused to this otherwise resilient workforce, nearly all of whom are women.

² Source: *Virginia Mercury*, which attributes the data to the Virginia Department of Social Services.

³ Source: *The Center for the Study of Child Care Employment at Berkley*.

⁴ Source: *Child Care Aware of America*.

⁵ Source: *The Hechinger Report*.

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Despite spending over \$300,000 on pay increases and retention bonuses, Hopkins House lost nearly half of our staff during the past four years of the pandemic. Some of those who left Hopkins House were frightened for themselves and for their loved ones who were at greater risk of serious illness from this new and deadly health threat. Others were confused by the competing messages from government officials about the safety and efficacy of vaccines and unwilling to submit to Hopkins House policy requiring vaccination. And still others were simply too emotionally drained to continue the incredibly difficult and complex work of keeping young children safe, happy, and learning.

As chief executive of Hopkins House, I was under the illusion that the experience gained over my 30-plus years working in the childcare field was more than sufficient to enable me to overcome almost any challenge the organization faced. The pandemic proved me terribly naive.

At the start of the pandemic, along with others, I knew little about this novel virus and what little I knew was frightening. Our classrooms at Hopkins House were empty and our bank account was hemorrhaging away what little cash we had in reserve. How was I to pay our staff? How was I to keep a roof over their heads and food on their kitchen tables?

My anxiety was compounded by something unexpected I learned during the pandemic: Few members of our staff had health insurance. They could not afford it, given what they earned in the childcare field. They depended on hospitals and local health clinics for the routine and emergency care they needed. With the threat of deadly infection lurking in every crack and cranny, how was I to keep them safe and well?

Members of my own family became sick from COVID-19, and some tragically succumbed to infection. But all of them had access to health insurance. I regard the amazing people I work with at Hopkins House as members of my own family. It was heartbreaking for me to learn that they could not afford health insurance because they chose a career helping to develop the minds and bodies of young children. I felt helpless; and, for a CEO, helplessness is not a comfortable or welcome feeling.

Thanks to the \$1.2 million in ARPA funding Hopkins House received over the past four years we were able to pay our staff so that they could keep a roof over their heads and food on their tables.

ARPA funds also made it possible to provide over \$300,000 in pay increases and bonuses to retain staff and attract new ones to fill gaps, and helped pay the rent on a building that has housed one of our child development centers for more than 50 years and the mortgage on a building that has housed another of our centers for over 15 years – both serving the children of essential workers.

And, I am pleased to share, ARPA funds also made it possible to provide health insurance at no cost to every member of the Hopkins House staff that does not have such coverage on their own.

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Our challenge now, as we face a future without ARPA funds or other federal help, is how to maintain this important staff benefit.

Despite free health insurance, increased pay and bonuses, and other employee benefits, attracting new staff to fill vacancies at Hopkins House feels at times like threading a bolt of lightning through the eye of a needle: Difficult and very painful. Our limited resources make it extremely challenging, if not impossible, to compete effectively in the labor market for talent.

Current student enrollment at Hopkins House is at 60% of our total center capacity, an amount we can comfortably accommodate with existing staff. However, should enrollment demand increase significantly in the near future we would have little choice but to turn away children for lack of staff to serve them.

The oft expressed view that childcare is an essential and greatly valued service in this country is undercut by the reality of the low pay and few benefits, lack of respect, and challenging work conditions afforded to early care and education professionals in America. According to a November 2021 report from the Economic Policy Institute, on average, childcare professionals in the U.S. are paid \$13.51 per hour – nearly half of what the average U.S. worker makes, at \$27.31 an hour.

We entrust early care and education professionals with our children, require them to be well trained, and relentlessly regulate their activities in the classroom. In return, we pay them an unlivable wage with few benefits, ask them to risk their mental and physical health in challenging work conditions, and provide them with minimal respect as professionals. This is nothing new in this country. The pandemic has simply magnified and worsened this longstanding problem.

What Keeps Me Up At Night

At the end of this month, like so many states, Virginia faces the prospect of a cliff dive in ARPA funding. The imminent loss of this critical federal support is almost certain to mean⁶:

- 88,265 children in the state will lose childcare.
- 1,383 childcare providers will close.
- \$280 million in earnings will be lost by parents of young children forced to cut work hours or leave the workforce.
- 2,861 early care and education jobs will be lost.

Similar impacts will be felt across the country if Congress does not step in – immediately. Some 70,000 childcare providers are likely to close, and an estimated 3 million children may lose access to childcare nationwide. Parents may be forced to stop working to care for their young children, businesses may lose employees during this time of high need for labor, and the nation's economy

⁶ Source: *The Century Foundation*.

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could be decimated. Most significant for our nation is that our children will not be adequately prepared to compete in the digital global economy of the future and our economic strength and vitality as a nation will be greatly and perhaps irreparably diminished.

The childcare workforce is the bedrock upon which the U.S. economy confidently stands. Without childcare parents cannot work; without workers businesses cannot produce; without jobs workers cannot pay taxes; and if taxes are not paid the lifeblood of our nation does not flow. Put simply, the most powerful nation on earth will not survive without a well-funded and stable childcare system.

What Congress Can and Should Do, Now

I am here today, on behalf of this nation's children, their families, and the early care and education professionals who keep them safe while their parents are at work, to ask, implore, and plead with you to take immediate legislative action to forestall this very imminent loss of critical federal childcare funding and put in place a permanent financial commitment to a stable and robust American childcare system.

Last month, Virginia Senator Tim Kaine, his colleagues Senator Elizabeth Warren and Senator Tina Smith, along with 27 others, called for \$16 billion in supplemental childcare funding. And last week, Senators Bernie Sanders, Patty Murray, and 33 others, introduced the "Child Care Stabilization Act." This is a terrific place to start.

I plead with you to act now on these proposals.

I want to close by thanking the early care and education professionals at Hopkins House, in Virginia, and around this great country, and the childcare providers who employ them, for their tireless work, commitment, and singular focus on nurturing our nation's children and keeping them safe. Through this unprecedented health crisis, they have demonstrated a resilience and fortitude deserving of this nation's admiration and appreciation.

I look forward to working with all of you to help build a strong, stable, and adequately funded childcare system in the United States. While there may be differences in approach, we must come together in common purpose for the sake of America's children and families, and the professionals who care for them and keep them safe.

Thank you for your time, and the work you do for our country's children and their families. I welcome any questions you may have.