



U.S. House Committee on Small Business  
Subcommittee on Rural Development, Agriculture, Trade, and  
Entrepreneurship

**“Taking Care of Business: How Childcare Can Support Regional  
Economies”  
February 06, 2020**

Testimony of Sarah Piepenburg  
Owner, Vinaigrette  
Minneapolis, Minnesota

Chairwoman Finkenauer, Ranking Member Joyce, and members of the committee:

Thank you for this opportunity to testify today about how a robust infrastructure for childcare would support my small business and other Main Street businesses.

My name is Sarah Piepenburg, and I am a small business owner of Vinaigrette, a specialty oil and vinegar shop in Minneapolis, MN. I have been running my business since 2009 and currently have 5 employees. I am a member of Main Street Alliance, a national network of more than 30,000 small business owners.

My husband and I became small business owners for a reason that doesn't fit neatly into marketing materials: We needed childcare, and we couldn't make it work any other way.

In Minnesota, we have the fourth highest costs in the nation for infant care with the average cost for enrolling a Minnesota infant in a childcare center running \$310 per week, or over \$16,000 per year.

For two years after we had our son, we did our best to piece together daycare and work. We sat on countless waitlists. I even delayed taking a job until my son had aged out of the most expensive infant care category, which costs more than in-state college tuition.

I then took a part time job and put my son in part-time childcare. Even with all our juggling, I was still taking home only \$244 a paycheck after the childcare expenses. Turns out part-time childcare is basically as expensive as full-time care -- as centers need to count on every slot for the week.

It just didn't seem worth it. I quit my job to stay home, but I knew we'd have to find another solution.

For my husband and me, the best choice was to go into business ourselves, arranging our schedules as best we could, and getting help with childcare from family and friends. We used the \$16,000 we would have put into childcare to launch our business.

While this may seem like an extreme solution -- it's more common that you might think. In a Small Business Majority survey of small business owners, 29 percent stated that lack of access to childcare was a major reason for starting their own business -- due to the need for increased flexibility in their work schedules.<sup>1</sup> But an even larger portion of entrepreneurs surveyed -- 36% -- say the lack of access to affordable, high-quality childcare was a barrier to starting their business.

While I love my children and that I am now a successful business owner, if I could rewrite history, having access to truly affordable childcare would have meant we could have done both -- had our kids in a safe, nurturing care environment and save money to start our business. And we have had a lot less to juggle and stress about.

---

<sup>1</sup> <http://www.smallbusinessmajority.org/our-research/workforce/small-businesses-face-barriers-affordable-child-care-support-expanded-access>

For others with fewer family resources, every tear in the social safety net -- like our lack of childcare infrastructure -- prevents people from pursuing their dreams of small business ownership, stifling innovation.

The lack of affordable, accessible childcare also creates multiple challenges for my employees. The problems they face show up to impact my business's bottom line with reduced productivity and increased employee turn-over.

When one of our first employees was pregnant, we offered her time off after her baby was born. But she wanted to come back after just two weeks because she needed the paycheck. Luckily, she had a family member who could take care of her child. But whenever that fell through, she missed work.

According to Child Care Aware, during a six-month period, 45 percent of working parents missed work at least once due to a childcare breakdown. Businesses lose over \$4 billion annually because of these absenteeism issues. And costs are even higher when productivity is in the mix. Workers who lack dependent care support (including childcare) have reported lower productivity due to stress, while workers with such support reported higher productivity.<sup>2</sup> This is unfair — not just for small businesses, but for our society as a whole.

Nearly 2 million parents of children aged 5 and younger have had to quit, decline or change jobs because of problems with childcare.<sup>3</sup>

For my employee, having an unstable childcare arrangement was untenable. Within a month, she began looking for other work with better benefits. She is now working for Delta airlines that provides childcare benefits. It's better for her, but we lost a great employee and had added costs for hiring and training a new employee -- which are significant at over 20% of an employees annual salary<sup>4</sup>

Small businesses like mine operate on thin margins and just can't match the more generous childcare benefits offered by larger employers – resulting in a hiring disadvantage. In this current tight labor market, a strong benefits package is even more critical. A more robust childcare infrastructure would level the playing field between small and large businesses.

Even If parents can afford childcare, they often can't find it. In my state, for example, 44 percent of Minnesotans live in a child-care desert, where there are simply no spots for anyone.

There were more than 300,000 kids under age 6 who potentially needed childcare, but only enough spots in Minnesota for less than three quarters of them, leaving a gap of more than 1 in 4 kids needing

---

<sup>2</sup> [http://www.bright Horizons.com/email\\_images/webinar\\_06232010/Enhanced\\_Webinar\\_06232010.pdf](http://www.bright Horizons.com/email_images/webinar_06232010/Enhanced_Webinar_06232010.pdf)

<sup>3</sup> <https://www.americanprogress.org/issues/early-childhood/news/2017/09/13/438838/2-million-parents-forced-make-career-sacrifices-due-problems-child-care/>

<sup>4</sup> <https://www.americanprogress.org/issues/economy/reports/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>

early education spots. And those numbers don't take into account where those kids and the available care is located.

Work schedules are also a challenge. Most daycares close at 6 p.m., but my shop opens at 11 and closes at 7 p.m. Finding childcare coverage is even more complicated for shift workers and 24-hour employees in other industries.

We aren't alone. Small businesses in our area are scrambling to retain employees with kids, or having to scale back hours and serve fewer clients. Women are also more likely to shoulder caregiving than men, and lack of affordable care limits our economic independence. A lot of women leave the workforce entirely, like I initially did.

Parents who cannot afford childcare are unable to fully participate in the workforce, resulting in unemployment and underemployment that can compromise a family's economic well-being. Small businesses located in childcare deserts may be unable to fill vacancies resulting in business productivity losses. Creating childcare infrastructure in these communities would increase labor force participation among parents, driving local economic growth.

We need lawmakers to invest in high-quality childcare for everyone in our country.

We need innovative solutions like the Child Care for Working Families Act that address the crisis from three fronts — maintaining care quality, ensuring quality jobs, and capping costs for families.

Passing Paid Family and Medical Leave would also help solve a key part of the childcare puzzle. Quality affordable options for paid leave do not exist on the private market for small businesses like mine. We are then just one illness or pregnancy away from having to make a terrible choice. Do I cover a full salary to allow my employee time to recover -- and pick up the costs of their salary and another worker to cover their hours while they are out? Or not, and risk losing a trained and valuable employee? I have been in that position twice and hope to never be there again. A paid family and medical leave social insurance program would mean that for the cost of a cup of coffee a week -- my employees would be covered with paid leave in their time of need. That's why small businesses overwhelmingly support paid family and medical leave policies like the FAMILY Act. When it is passed, the FAMILY Act would provide up to 12 weeks leave for every parent of a newborn or adopted child. In families with two caregivers, that's 24 weeks of key bonding time and 6 months less of expensive infant childcare.

Paid Leave would be a good start, but childcare needs to be a priority after those first months as well. The care crisis we are facing in our communities is getting worse.

More than half of families in America live in childcare deserts, areas where licensed childcare is scarce and does not meet the needs for the number of children in the area.<sup>5</sup> Rural and low-income urban communities are hit the hardest by this lack of childcare infrastructure.

---

<sup>5</sup> <https://www.americanprogress.org/issues/early-childhood/reports/2017/08/30/437988/mapping-americas-child-care-deserts/>

From a small business perspective, it's also very difficult to operate a childcare business. Your customers cannot afford to pay what you need to keep your service running. Early childhood programs must operate on tight budgets. Most are small, independent businesses that are left to rely on charitable donations to keep their doors open. What we are seeing is a market failure.

All of these challenges affect a robust small business economy. If we believe in small business, we need our lawmakers to change this system. Childcare isn't just a family issue — it's an economic one, too.

Increasing the supply of licensed childcare by providing resources to states, tribes, and local communities to renovate and construct child care programs; investing in existing providers to help them improve quality and meet licensing requirements; and funding state and community efforts to license family childcare homes, will help small business childcare providers develop and expand, and bolster licensed care in underserved communities.

The country's local, independent small business owners want to do right by their employees and the public health of their communities. Good public policy can help them accomplish this goal. Establishing robust investment in child care programs is not just a good policy for working families. It makes good business sense, too.