

The impact of COVID-19 on the US child care market: Evidence from stay-at-home orders ^[1]

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Source: IZA Institute of Labour Economics

Format: Article

Publication Date: 1 May 2020

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Excerpted from abstract

The Impact of COVID-19 on the U.S. Child Care Market: Evidence from Stay-At-Home Orders

Stay-at-home orders (SAHOs) have been implemented in most U.S. states to mitigate the spread of COVID-19. This paper quantifies the short-run impact of these containment policies on the supply of and demand for child care. The child care market may be particularly vulnerable to a SAHO-type policy shock, given that many providers are liquidity constrained. Using plausibly exogenous variation from the staggered adoption of SAHOs across states, we find that online job postings for early care and education teachers declined by 13% after enactment. This effect is driven exclusively by private-sector services. Indeed, hiring by public programs like Head Start and pre-kindergarten has not been influenced by SAHOs. In addition, we find little evidence that child care search behavior among households has been altered. Because forced supply-side changes appear to be at play, our results suggest that households may not be well-equipped to insure against the rapid transition to the production of child care. We discuss the implications of these results for child development and parental employment decisions.

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