

The economic recovery has a child care problem^[1]

Can Biden fix it?

Author: Saraiva, Catarina., Pickert, Reade., & Rockeman, Olivia

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EXCERPTED

When the pandemic broke out, significant help arrived quickly for working parents in many rich countries, with one notable exception: the United States.

Now, nearly a year later, President Joe Biden aims to address what has become one of the most daunting obstacles to a full economic recovery, with policy proposals such as more money for child care and families.

“If people don’t have care, then they can’t get to work,” said Heather Boushey, a member of Biden’s Council of Economic Advisers, in an interview. Bigger changes to the system “are urgent,” she said, to help families during the pandemic and beyond. “They are core to how we need to be thinking about the economic recovery.”

Biden’s fix may come too late. The pandemic crippled the already fragile U.S. child-care system, exacerbating inequalities for women and the poor that economists warn will hold back the world’s largest economy.

Child Care Woes

Women have left the labor force to care for their children amid Covid-19.

More than 2 million women have dropped out of the workforce since the virus hit. More than one-third of parents — mostly women — have yet to return to jobs they lost, largely because there’s no one to look after their kids, according to a December report by the U.S. Chamber of Commerce Foundation.

Lawmakers provided some help for the problem last year in two rounds of stimulus. Biden’s plan goes further but faces a divided Congress. His massive \$1.9 trillion stimulus plan includes billions of dollars to help reopen schools and provide additional paid leave to struggling parents.

He wants an additional \$25 billion to help stabilize the industry and also aims to expand tax credits to help families cover child-care costs, which, with other changes, could help cut child poverty in half, according to Columbia University. That’s separate from broader reforms he campaigned on, such as universal preschool and better pay for early educators, which face even more political hurdles.

Unlike the U.S., governments in Australia and across Europe were quick to provide robust aid to address the problems posed by schools and day-care closures shortly after the pandemic broke out.

There’s evidence it helped.

Australia provided free care and funding to child-care centers, and since then female labor-force participation has come back stronger than it has for men, according to a study by the Peterson Institute for International Economics. The gender gap also narrowed in the U.K. and Norway, where leave or other programs were swiftly implemented, the report found.

“Anything that negatively affects workforce participation — and productivity of workers — has a huge effect on our global competitiveness,” said Robert Kaplan, president of the Federal Reserve Bank of Dallas, in an interview earlier this month. “We need to find ways to grow faster.”

Susan Cano, a 32-year-old single mom, tried everything to keep her job at a bank when her daughters’ schools closed. She flew her mother out to her California home, relied on her teenager to home-school her then-six-year-old, used vacation days and took advantage of a government leave program that quickly expired.

“It was just overwhelming,” Cano said. “I was struggling, then I was depending on my 13-year-old to basically become an instructor for the younger one.”

She eventually quit her job and moved to Texas to be closer to family. It took her three months and more than 50 applications to land a new job.

Economists call the pandemic’s disproportionate impact on women the first female recession. Making it even worse is the child-care industry itself — a patchwork of private centers, smaller in-home operations, after-school programs, nannies and the friends, neighbors and grandparents who pitch in — is unraveling.

One out of three child-care jobs, held mostly by women, disappeared by mid-April, and only half of those jobs have returned, according to

government data. Most care is offered by small businesses — some 700,000 of them — a majority of which are also female-owned.

Even at Bright Horizons Family Solutions Inc., one of the largest chains, enrollment is averaging 35% to 40% at centers that are open.

There's not one kid enrolled at the day care Jerletha McDonald, 41, runs out of her house in Arlington, Texas. She's got space for 12. She said parents aren't sending their kids because they're scared they might get sick; others can't afford it right now.

"It's really, really rough right now for a lot of providers," said McDonald, who can stay open because she has other income sources. "Where is the essential funding for this essential work that we do?"

The cost of child care is overwhelmingly borne by parents — and, at a price for infant care that in 21 states exceeds 20% of the median household income — it's not cheap.

Care also isn't guaranteed in most of the U.S., unlike in other rich countries, for kids who aren't school-aged. Many Americans live in child-care deserts, primarily in low-income and rural areas, where demand far exceeds capacity. For others, school closures during the pandemic removed a system of both education and care.

Lawmakers implemented some changes last year that have helped, including \$10 billion in subsidies to the industry. Parents and providers are also counting on the Covid-19 vaccine. In some places, teachers are already being inoculated.

Covid has opened the eyes of corporate America to the need for more parental support. Bank of America Corp. is reimbursing employees for some costs. Intel Corp. and Cisco Systems Inc. are providing some financial support for back-up care. Google and Facebook Inc. have extended paid leave programs.

Economists say more permanent changes are still needed. Better pay is one thing that could help: Early educators, two out of every five of which are women of color, earn just \$12.12 an hour on average, and about half rely on public assistance, according to the Center for the Study of Child Care Employment at the University of California, Berkeley.

"We did not have a robust child-care system coming into this crisis, and it has really just been upended," said Lea Austin, the center's director. It's "harming working mothers, it's harming the women who are doing this work and really, potentially, causing everyone all around to face greater economic hardship."

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