

# The latest pandemic supply shock: Child care workers <sup>[1]</sup>

Covid-19's "urban exodus" spawned a suburban scramble for slots in daycare centers, and the U.S. child care industry is now enduring a serious staffing shortage.

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## EXCERPTS

In the chronically underfunded U.S. child care sector, staff turnover has always been a problem — but never quite like this.

“It’s unprecedented, which has been used a lot this year, but it’s true,” says Carol Murray, 55. “I don’t think my industry has seen anything quite like it before.”

Murray directs the Abigail Lundquist Botstein Nursery School, an early childhood program at Bard College at Annandale-on-Hudson in New York, which takes care of 3-, 4-, and 5-year-olds and operates a pop-up program for elementary school kids to accommodate half-days during partial school reopenings. Her school, and industry, are currently experiencing a now-familiar pandemic-era trial: a major labor crunch.

“We’re competing with many markets now,” she says. “Chipotle is paying \$16.50 an hour, the service industry is upping their game because they’re facing shortages. With child care, it’s very difficult to hold on to someone.”

Conversations with experts and analysis of child care requests across the U.S. suggest that finding qualified workers is a significant challenge, right as school gets out for the summer and more parents begin returning to the office. A study in New Hampshire in April found roughly one in eight of the state’s licensed child care spots was unfilled due to staffing shortages; locations from Bloomington, Illinois, to Columbus, Ohio, to Missoula, Montana, have been struggling to keep up with demand for months.

“From what I’m hearing from directors, staffing is challenge A, B, C, and D,” says Elliot Haspel, a child care policy expert and author of *Crawling Behind: America's Child Care Crisis and How to Fix It*. “Child care was already having issues before with staffing, and this will make it so much worse. This means parents will have less options, and some programs will have a budgetary death spiral. It’s truly an existential crisis.”

A Bureau of Labor Statistics analysis shows that the child care workforce is down 15% from pre-pandemic to now, a significant challenge for the 16% of the overall workforce — or 26.8 million people — who depend on child care to work. Roughly 35% of child care workers were laid off in the early stages of the pandemic, says Rasheed Malik, senior policy analyst for Early Childhood Policy for the Center for American Progress (CAP), and only about half of those have returned in the last nine months.

There were hopes that more workers would come back as states prioritized child care workers for early vaccinations, but re-hiring has lagged. Malik believes that in an uncertain economy — with workers unsure they want to return to low-wage jobs and incentives offered in other industries — the staffing dilemma has become worse.

Part of the problem comes from a dramatic demand shift. Winnie, an online platform for finding child care, analyzed requests for care between February 2020 and 2021 among its network of 200,000 locations, and found a striking disparity between suburban and urban locations. Demand for open slots in child care centers had dropped in downtowns and big cities, meaning a big jump in available capacity, while many wealthy suburbs have seen demand for care skyrocket, shrinking capacity. Child care is a slow-moving, highly regulated industry — one can’t simply open up a new location overnight — so even small demand and population shifts disrupt a tenuous equilibrium.

“In suburban markets, families are searching, but new supply doesn’t exist, so it’s harder to get a spot,” says Sara Mauskopf, CEO of Winnie.

The shifts were consistent across the nation’s 10 largest metros; demand for care was down in urban centers and downtowns, and sharply up in more-distant suburban areas. (In the Bay Area, however, there was lower demand in urban and suburban locations across the board.) Take the Chicago metro area; in the city and Evanston, a neighboring suburb to the north with a large student population, the demand-to-supply ratio plunged 236% and 120%, respectively, while in areas further from the city, such as Naperville and Bolingbrook, it grew 57% and 52%.

The analysis makes sense to CAP’s Malik. In cities, child care near commercial centers might be harmed by the rise of remote work. More

young families were induced to make the move to suburbia all at once, flooding a system that takes time to staff up. A reshuffle of young families in the 'burbs would make it hard to find care, on top of reduced capacity due to Covid restrictions and staffing shortages.

Murray saw this dynamic at play at Bard: The Hudson Valley saw an influx of Manhattanites during the pandemic. "All the real estate that's been sitting for 20 years with for sale signs are gone," she says. That means more families, and more kids, flooding what she calls a child-care desert. When she reopened in the summer after closing in March, she received three or four emails a day requesting child care. Now they have a longer waiting list than they've ever had.

She is in a better position than many in her industry. Because her program is connected to Bard College, which sees investment in child care as a way to retain workers, she can pay more than several other area employers: Starting wages of \$13 or \$14 an hour were bumped to \$18 this spring (the nation's median pay for child care workers is \$12.24, and a national study found that half of child care workers are on means-tested public support like SNAP food aid).

Often, she's hiring workers without the traditional background or experience, so the center invests significant resources in training and onboarding. Even with the extra wages, holding on to staff is a challenge as wages rise elsewhere. "Our hands are tied, and we don't have a budget to sustain a profession that needs high-quality professionals," she says.

Pandemic-era conditions have made these challenges even more daunting. Nobody at her facility came down with Covid-19, but a series of quarantines left the center short-staffed for multiple 14-day periods, and a handful of her workers needed to take time off to care for family members. "We didn't get hero pay, and what we need teachers to do now is harder than it's ever been before," Murray says. "When you say essential worker, what's more essential than watching kids?"

"I don't think it's fully appreciated yet. Where are they going to get workers now? Who is going to work at a child care center?"

As the industry faced dire straits due to a lack of income in 2020 and early 2021, the CARES Act (\$4.25 billion), December stimulus (\$10 billion) and American Rescue Plan (\$39 billion) sent significant funding to help buttress the child care providers, allowing the industry to bend and not break, said Haspel. Hundreds of programs across the country did close during this stabilization process, and many have emerged financially fragile.

"The big question moving forward is staffing and sustainable funding," said Haspel. "These programs survived, but we need more for them to thrive going forward."

There's not enough evidence that the current geographical mismatch between supply and demand disruption is permanent, he says, or that there's been a fundamental demand shift. This fall, in what is hoped to be a relatively normal school year, will be a big test, especially if employers push for a return to the in-person office.

The more challenging, and long-term, issue is wages for child care workers, who are low-paid and mostly women, especially women of color. More competitive wages are needed to keep pace with employers such as Amazon and Walmart, which are raising base compensation. Child care centers are mostly small businesses that operate on razor-thin margins, and often can't afford to raise prices. "If the option is to make \$10 an hour without health care at the child care center, or \$14 an hour with benefits in retail, that's a problem," said Haspel. "I don't think it's fully appreciated yet. Where are they going to get workers now? Who is going to work at a child care center now?"

There are legislative fixes being debated at the federal level. President Joe Biden has proposed the American Families Plan, which would invest in teacher training and ensure a \$15 minimum wage for workers in the industry, a needed boost with current average pay hovering around \$12. Meanwhile, the Child Care for Working Families Act, co-sponsored by Senator Patty Murray of Washington and Virginia Representative Bobby Scott, who reintroduced it last month, is designed to make pointed investments in the wages of child care educators and ask states to develop models to figure out what they should pay child care workers to get a minimum level of quality, says Malik.

"Quality was suffering because the best people couldn't afford to work those jobs," he said.

An analysis by CAP found that more than 76% of families, covering nearly 10 million children, would be eligible for free or reduced-cost child care if the act passes; 2 in 3 families would have their costs capped at less than 4% of household income, and more than half of eligible children being covered for free.

"The underlying conditions that made this system so susceptible to a crisis like this need to be fixed," says Malik. "Pre-pandemic, high-income families were four times as likely to get high-quality child care for their kids as low-income families, the results of decades of inaction. It's a level of cost that's not even anticipated by many young parents."

Malik calls this moment, after so much economic struggle, a "once-in-a-generation" chance to change. For Haspel, it's a sign that the nation can't rest on the laurels of the rescue funding. It's helpful, but won't prevent these kinds of shocks to the system from happening again; the market, he believes, can't solve this.

"People are exhausted," said Murray. "There's an emotional component of wearing a mask all day. I had teachers coming to work a lot crying and depressed, telling me my husband lost his job, my teenager is struggling with school, my mom got Covid. Teachers are people who care, and a lot of other people rely on them in their families. Teachers were doing amazing work, but crumbling."

**Region:** United States <sup>[3]</sup>

**Tags:** child care workforce <sup>[4]</sup>

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