

Treasury report paints grim picture of U.S. child care system ^[1]

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EXCERPTS

Last week, Vice President Kamala Harris paid her first trip across the street to the Treasury Department since taking office. The appearance was timed to coincide with the release of a new agency report on the current state of the nation's child care system. "The report confirms what millions of American families know and experience every day," said Harris. "Childcare remains too expensive and out of reach for far too many working families in our country."

The 28-page report was produced by the Office of Economic Policy and authored by acting Assistant Secretary for Economic Policy, Catherine Wolfram. In it, the department calls the current child care system "unworkable." Treasury Secretary Janet Yellen has characterized it as not just unworkable but "broken."

Understanding how we got to this point requires knowing where we came from. If things are now broken, were they ever whole to start with? According to the report? No, not really.

As Treasury Secretary, Yellen holds one of the most important offices in the country. It's one of global, generational significance, and she says she was able to make it to this point due, in part, to snagging a great baby-sitter 40 years ago. In her remarks following the speech made by Harris, Yellen acknowledged the fact that her successful child care situation wasn't the norm then—and certainly isn't now. "For the vast majority of Americans, the child care industry works in precisely the opposite way it worked for us, which is to say it doesn't work at all," said Yellen. "Those who provide child care aren't paid well, and many who need it, can't afford it," she continued.

Her department's report opens with a look at the first part of that equation—in basic economic terms: the supply side of the child care system. Overall, and in the most simplistic of terms, that supply is extremely low and, depending on where you live, can be virtually, or even literally, nonexistent. According to the report, roughly one-half of Americans live in "child care deserts," or areas with one daycare spot for every three children in need of care. The centers that are available are operating on extremely thin margins, are often in need of repair and are staffed by seriously underpaid workers—95% of which are women, over one-third are people of color. By the numbers, they represent the bottom two percent of earners in the country with average salaries of \$27,000 per year.

Meanwhile, on the demand side of things, parents are in need of child care when they can least afford it—when they are young, when take-home wages are generally low. If they can find it, it's going to be costly. According to the report, the average family with at least one child under age five would need to devote 13 percent of the family's income to child care. That far outweighs the seven percent the U.S. Department of Health and Human Services considers affordable for most. Even then, there's the question of scheduling. For parents who work long or unconventional hours, care will either come with a higher price tag or simply won't be available.

This scarcity and climbing costs associated with child care have led many parents, primarily mothers, to leave the workforce altogether. This is hardly a new trend, but is one that was certainly exacerbated during the pandemic, according to monthly job reports published by the Bureau of Labor Statistics. Analysis of the data by the National Women's Law Center found that, in the last month alone, 41,000 women ages 20 and over left the labor force. At the same time, 139,000 men in the same age demographic joined it. By the center's calculations, it will take nine years for women to regain the jobs they lost during the pandemic. On the global scale, the UN has warned that could take decades.

All of these predictions, however carefully they are calculated, are made by looking at past data points, by tracing a once slowly growing representation of women in the workforce that now reflects a dramatic halting, and even reversal, of progress. This new treasury report depicts a child care system that was, in practice, never going to work. That said, it also makes it clear that new cracks are rapidly forming in this already shaky foundation. If our best forecasts for the already grim future of women in the workforce borrow from, to some extent, better days—days where the patchwork paper and glue child care system was somehow still standing—what's to say the future looks like when the walls truly come down?

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