

The child care crisis just keeps getting worse ^[1]

Waiting lists are getting longer, and child care centers say they're losing workers to fast-food chains with better wages and benefits.

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Excerpts

On the Senate floor in early August, just two days before lawmakers voted to pass the Inflation Reduction Act, four senior Democrats came out to lament what they believed to be the bill's biggest omission: child care.

"We cannot simply vote on this package and call it a day," Sen. Patty Murray (D-WA) said. "Our child care system isn't just stretched thin; it is broken."

Less than two months later, the extent of that brokenness is clearer than ever. Public schools are fully reopened, and most pandemic-era restrictions are relaxed. But working conditions for families with kids who need child care are not back to normal. For both workers and parents, already-grim trends in child care have only gotten worse since the pandemic began: program costs have increased, while waiting lists in several states number in the tens of thousands.

Despite the long wait lists, nearly 90,000 fewer people are working in the child care industry today compared to February 2020. Many child care centers say they are losing workers because it has become impossible to compete with the rising wages and benefits offered by large corporations like Amazon, Target, Starbucks, and McDonald's.

The pandemic, replete with parents working over Zoom as their kids screamed in the background, fueled greater recognition of the child care crisis — and the need for the government to do something about it. Both women overall and strong Republican-leaning voters say they'd be more likely to vote for a candidate who supports investing in child care to make it more accessible and affordable. Child care remains one of the biggest expenses working families shoulder, with average costs exceeding \$10,000 per year.

Recent employment data suggests the lack of accessible child care is holding back the economic recovery. Senate Majority Leader Chuck Schumer went so far in August as to say he believes "the number 1 or number 2 reason in the whole country we are short of labor is we don't have adequate child care."

Advocates are vowing to press on, and Democratic lawmakers say they will prioritize it next on the federal agenda — but they've promised that before.

Child care faced a crisis during the pandemic — and it isn't over

The child care industry was hanging on by a thread before Covid-19. In late 2018, the liberal think tank Center for American Progress determined that half of Americans lived in "child care deserts" — areas where just one child care option exists for every three children in need of care. The number of already scarce centers and home-based child care providers was declining, and costs had grown twice as fast as overall inflation since the 1990s. Child care workers also survived on very low wages and often no benefits.

But during the pandemic, several factors exacerbated these trends, including staffing shortages, increased costs for health and safety supplies, and fewer children attending full-time. While staff turnover had been an issue in the years prior, the child care sector continued to lose workers during the pandemic — and they weren't coming back after vaccines became available.

Between December 2019 and March 2021, at least 8,899 child care centers closed across 37 states, and 6,957 licensed home-based care centers shuttered. To try and stave off additional closures, Congress authorized \$39 billion for child care relief as part of its \$1.9 trillion American Rescue Plan in 2021. Nearly half of providers reported using these funds to pay off debt they took on during the pandemic, and 92 percent said the grants helped them keep their programs open.

But finding workers to do the highly regulated work remained a challenge. "Young women in their late teens and 20s who are typically drawn to work at day-care centers are opting instead to take jobs as administrative assistants, retail clerks and bank tellers," the Washington Post reported last summer. Other veterans of the child care industry left entirely, with anecdotal reports from program owners saying staff were enticed by the higher wages and benefits offered by retailers and fast-food chains. The median wage for child care workers in 2021 was \$13.22 per hour.

A new analysis from the Center for the Study of Child Care Employment at UC Berkeley found child care employment remains 8.4 percent below what it was in February 2020.

Elena Montoya, a policy researcher at the UC Berkeley center, said that specific data tracking where child care workers go when they leave the industry is difficult to come by. “We do know that turnover is really high; the national Treasury had a report last year on child care where they estimated there’s a 26-40 percent turnover rate,” she said. “And for assistant teachers it can be as high as 70 percent.”

How the child care shortage is affecting families and the labor market

Almost every week, reporting from a different location across the US details how a crisis of child care is unfolding. An investigation published last month found the lack of available child care in Michigan — at least 54,000 children on waiting lists — was far worse than state policymakers had publicly been claiming. In Massachusetts, leaders are grappling with 8,000 fewer child care slots than the state had pre-pandemic. In a survey of almost 1,000 Pennsylvania child care providers, respondents reported over 7,000 staff vacancies, contributing to over 32,400 Pennsylvania kids on waitlists.

The statistics are similar nationwide. In one recent survey conducted by Care.com, more than 60 percent of parents said the cost of child care had gotten more expensive, and over half reported spending more than 20 percent of their household income on it.

The First Five Years Fund, a child care advocacy group, reported last year that child care costs had increased faster than other basic family expenses like housing and groceries over the last three decades, and a separate analysis from Child Care Aware affirmed that the growth in child care prices exceeded the annual rate of inflation in 2019 and 2020.

The price hikes are hardly benefiting the industry’s workers: their inflation-adjusted wages actually dropped between 2012 and 2019, despite rising generally among other private-sector workers.

To cope with the crisis, experts say parents are taking on second jobs and cobbling together more informal, and often lower-quality, child care arrangements.

The latest Bureau of Labor Statistics data released showed that women continue to return to the labor force, with August marking the 20th consecutive month of job growth for women. However, women as a group are still down 98,000 jobs since February 2020, though men have recovered their pandemic-era job losses. And Black women, unlike other women, have been declining in their labor force participation since May.

Labor experts say it’s not clear what is driving the decline in employment for Black women, but cite the highly competitive landscape for child care as one possible factor. In 2021 Columbia University researchers found that Black, Asian, and Hispanic families were more likely to be exposed to child care closures than white families.

What could be done to address the crisis

To fix the crisis, most policy experts agree the government will need to increase its financial support of the child care industry. Society should also benefit over the long term from these investments, researchers say, as studies suggest long-term academic, economic, and emotional benefits of early childhood education.

There are simply market limits to how much more a program can charge in order to attract and retain staff. “Trying to cover higher wages with price hikes just results in more people pulling their kids out of child care due to the cost,” said Matt Bruenig, founder of People’s Policy Project, a leftist think tank. “So the only real way to increase the size of the child care workforce is to increase pay without increasing child care rates, which requires public subsidy.”

Bruenig pointed to the Nordic nations, where government subsidies to the child care sector on average constitute about 87 percent of the sector’s revenues. (Some small fees are required of higher-income child care users, making up the remaining 13 percent.) Montoya, the UC Berkeley child care researcher, said they’ve seen nearly double the rates of staff turnover in California programs that received no public funding, and that subsidized programs tend to have higher wages.

The federal pandemic child care relief expires in two years, and if governments can’t replace those dollars, experts say the supply crisis would get even worse, since many providers used the federal aid to offer pay raises or bonuses to recruit or retain teachers. In total, the 50 states and Washington, DC, will face a \$48 billion fiscal cliff, just two months before the next presidential election. The Center for American Progress estimates the US could lose at least half of its licensed child care supply if the federal government doesn’t step in before that.

“It comes down to getting more money in the system,” Sarah Rittling, the executive director of the First Five Years Fund, told Vox. “Right now you’re just reshuffling things, and it’s one reason why that [\$48 billion] cliff is so prevalent in our minds.”

Another way to address the labor supply, as journalist and commentator Matt Yglesias recently argued, would be to allow more immigration for child care workers — but there’s little support for that idea among child care advocates who hope to see wages go up, or from much of the Republican Party, which is as skeptical of immigration as it is of subsidies.

In 2021, President Joe Biden’s Build Back Better plan included provisions to guarantee affordable child care by increasing federal

subsidies, and in November 2021 the House approved the bill, which included a \$390 billion investment in the early childhood care system. Advocates said the investments would be enough to reach nine out of 10 working families with children 5 and younger.

But the Senate version of the bill, introduced by Murray, couldn't gain traction as Sen. Joe Manchin (D-WV) voiced concerns about the overall size of the bill. Even a dramatically scaled down version of the child care bill Murray tried introducing this past spring with Sen. Tim Kaine (D-VA) couldn't move Manchin. (There were also structural concerns with the Democrats' proposal, as Bruenig noted its subsidy design likely would have hiked prices for middle and upper-middle class families.)

Now that the Inflation Reduction Act has passed without any child care provisions, leaders are thinking again about how to move forward on the issue.

Rittling, of the First Five Years Fund, said advocates are eyeing appropriations and the end-of-the-year omnibus spending negotiations as opportunities to push for more spending on child care. "Those pieces are getting cooked out right now," she said. "We have a lot momentum and reason, frankly, for Congress to stand up and address the issues."

One likely possibility is increasing investments in the existing Child Care Development Block Grant (CCDBG), a federal program aimed at reducing child care costs for low-income families. There's already bipartisan support for increasing investments in the program, which has long been massively underfunded; only a tiny fraction of those families eligible actually receive assistance.

Still, increasing funding for the CCDBG would not be enough, since that ignores the crisis of cost and access for middle class families, and does virtually nothing to address the low wages for child care workers.

To really make a dent, leaders are going to have to tackle the supply of child care along with its costs.

Region: United States ^[3]

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