

Child care hasn't recovered from Covid, keeping many parents at home ^[1]

In large cities, the cost of child care can eat up nearly a fifth of median family income

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Excerpts

The high cost and limited availability of child care is keeping some parents out of the labor force when unemployment is at its lowest rate in more than half a century.

There were about 58,000 fewer daycare workers in the U.S. last month compared with February 2020, just before the pandemic took hold, according to the Labor Department, even though the broader labor market has recovered all lost jobs.

Lack of care is one factor that has kept Americans on the sidelines, despite 11 million available jobs at the end of last year.

That limited supply of labor is also keeping upward pressure on costs. The median price to put an infant in center-based care ranges from \$8,000 a year in less-populated counties to more than \$17,000 in a major metro area, according to a Labor Department report. The report found care costs can be nearly a fifth of median family income in high-cost, large cities, and as a result mothers in those areas were less likely to work.

"The wait list just continues to grow, I think we just break hearts every day when we tell people we don't have space for them," said Erica Kral, founder and CEO of Green Garden Child Development Center, which operates several child-care centers in suburban Detroit. She has stopped accepting new names to put on her already 300-family wait list.

Labor shortages are worse now than at any point in the decade she has been in business, Ms. Kral said. "We just can't compete with employers in other industries who are able to offer higher wages, flexible hours, remote work," she said.

Daycare employees earned an average hourly wage of \$19.74 in December, according to the Labor Department, in line with pay for restaurant and hotel workers and well below the national average of \$32.93 an hour for private-sector workers.

Green Garden has raised wages 20% since 2020, and three of the company's administrative staff each spend about 20 to 25 hours a week trying to recruit and schedule interviews for new workers.

Workers at daycare centers and preschools are individually paid low wages, but because the work is labor-intensive the cost of the service is high for families.

"In the rest of the economy there's room for the Targets and the Walmarts of the world to increase wages," said Lynn Karoly, a senior economist at the Rand Corp., adding "it's harder in the child-care sector, given the issues about affordability, to say 'We're going to charge more' when many families already can't afford the care."

The \$1,300 a month cost of daycare in Spokane, Wash., was the main factor behind Nicholas Petersen's decision to quit his job with the Postal Service last year to stay home with his two daughters, ages 3 and 7.

"We realized when we ran the numbers it would be worth it for us for me to quit working and stay home—it made it a lot easier when the kids got sick, had appointments, things of that nature," the 34-year-old said.

His wife, Megan Petersen, works as a digital marketing manager and has a side business selling handmade glass eyes for sculpture and artwork. "Essentially I have two jobs, that's why we can do this," she said.

A lack of child care is one of several factors—also including early retirements and illness caused by Covid-19—that has constrained the labor force, even as the pandemic's effects on the economy have abated. The labor-force participation rate, which measures the share of adults working or looking for work, was 62.4% in January, nearly a percentage point below its prepandemic level.

President Biden had proposed that the federal government fund preschool for 3- and 4-year-old children and subsidize child-care costs for families, as part of a larger spending package. The plan stalled after Sen. Joe Manchin (D., W.Va.) and Republicans in Congress raised concerns about overall spending levels in the bill. The White House said the child-care portion of the bill alone would cost \$400 billion.

Democrats this month are renewing their push for a national paid time-off policy for medical reasons and caregiving, which would help limit the need for the most expensive infant care. Business groups say paid-leave mandates impose financial and administrative burdens on companies, especially small businesses.

The Labor Department's National Database of Childcare Prices, a new data source of county-level daycare costs, estimates that last year in counties with more than one million residents, center-based infant care cost \$17,171 for one child, preschools cost \$12,307 and school-age center care cost \$10,245.

The financial burden of high child-care costs translates into lower employment among mothers, a Labor Department report released in January said. Counties with prices that were 50% higher than the national median had a reduction in maternal employment of 2 percentage points. Counties that were twice as expensive as the median had a reduction in maternal employment of 4 percentage points. Families with multiple young children spend more on child care than on housing when they put their kids into daycare, the report found.

Last year, the Brookings Institution said the cost of raising a child through high school has risen to more than \$300,000 because of inflation.

Jennifer Myers has a 4-year-old and a 21-month-old in daycare in Alexandria, Va., at a cost of \$3,500 a month. She can work from home if needed, which she said helped enormously during Covid-19 pandemic daycare closures.

"The hardest months of my life were the first several months of the pandemic, where I had a very young child, I had a very demanding job, I was trying to survive and trying to keep my job while people were being laid off," she said.

The 40-year-old communications consultant's daycare facility was closed from April until early June 2020. "It was a risk to send my child back when no one had vaccines, but I would not have survived professionally if I had not had access to child care," she said.

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