



# Addressing the Child Care Crisis to Preserve Jobs and Grow the Economy

December 15, 2021

Diane Schilder and Heather Sandstrom

# Overview

- **Early care and education (ECE):** Understanding similarities and differences between child care, preschool, and Head Start
- **Economic benefits of early care and education:** Return on investment for children, families, and for the economy
- Early care and education **crisis:** issues facing the workforce and how the crisis is affecting families
  - How the crisis affects different sectors
  - Consequences for early care and education and families
- Policy opportunities to address the crisis
  - Federal stimulus funds and state opportunities
  - Possible new federal programs

# What are the biggest publicly funded early childhood programs?

Head Start

Child Care

Pre-K

Provide early childhood opportunities to similar populations

Different goals

Administrative structures

Quality standards

Hours of operation

Documented outcomes

# What are the public funding levels and how many children are served?

## Head Start

~\$9.6 billion

~973,000 children  
aged birth–five

## Child Care

~\$10.3 billion

~1.4 million children  
aged birth–13

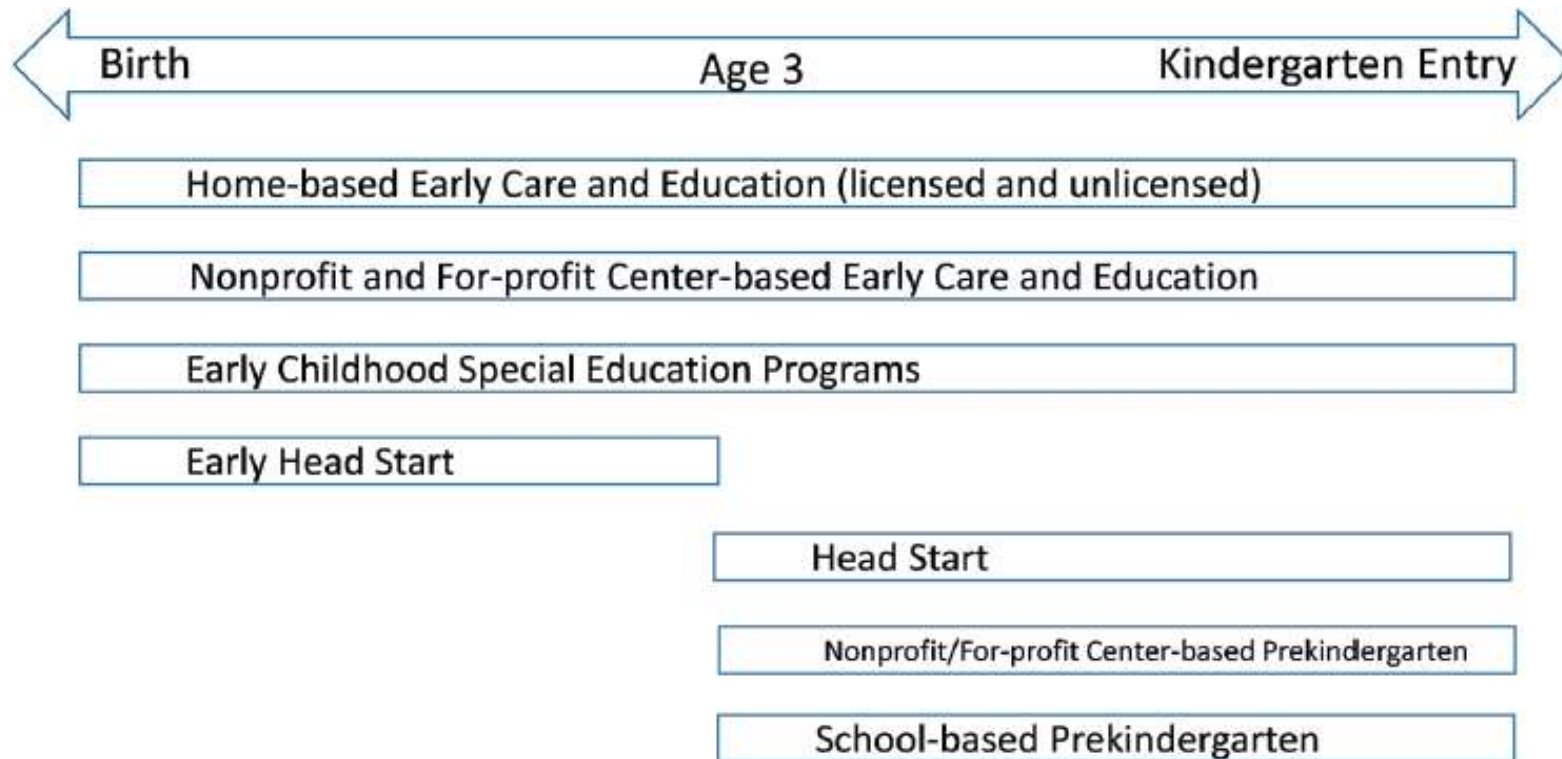
## Pre-K

~\$9.0 billion in state  
funds

~1.6 million children  
before  
kindergarten

- ❖ [US ranks 39<sup>th</sup> in the world](#) on public funding for child care and early education

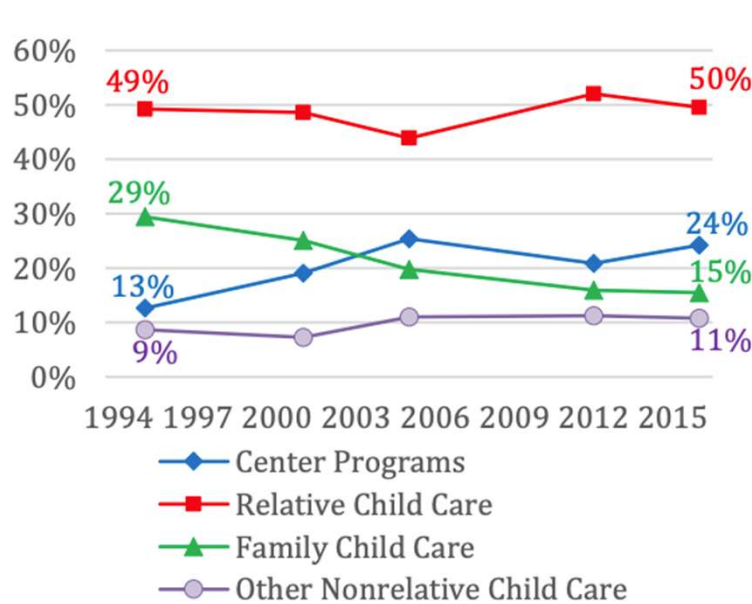
# What programs comprise the ECE workforce?



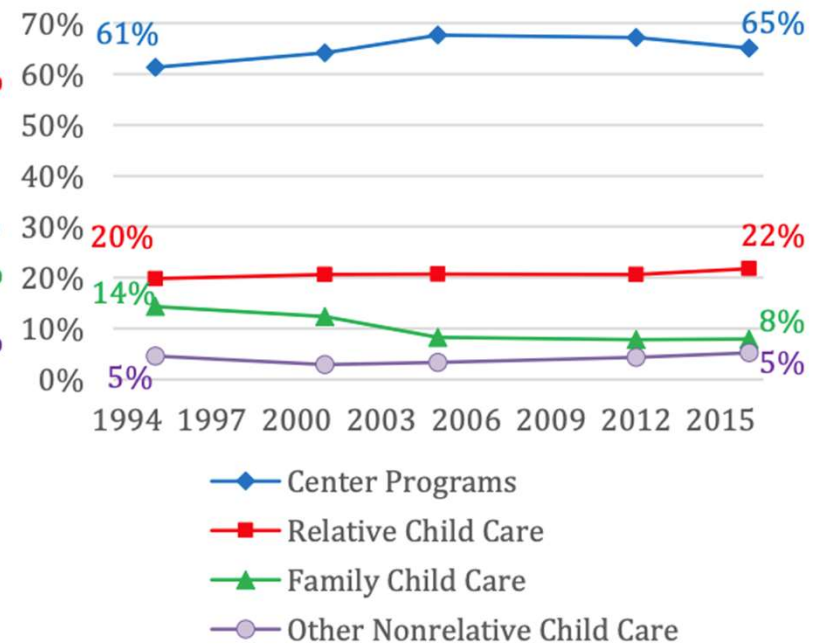
# Who participates in child care and early education?

- ❖ Only [about 59% of children under age five](#) experience some form of nonparental care, including care from relatives, friends, and neighbors
- ❖ Higher rates for preschool-age children who are more likely to use center-based care
- ❖ Parents pay most of the cost

# Trends in child care arrangements for infants compared with children ages 3 and 4



Source: NHES-ECPP



Source: NHES-ECPP

[https://aspe.hhs.gov/sites/default/files/private/pdf/263876/Preschoolers\\_Type\\_of\\_Care.pdf](https://aspe.hhs.gov/sites/default/files/private/pdf/263876/Preschoolers_Type_of_Care.pdf)

# What is the return on investment of high-quality early care and education?

## For taxpayers:

- Every dollar spent on early care and education (ECE) is estimated to lead **at least \$3 in cost savings**
- Children attending high-quality ECE are **more likely to enter school ready to learn, advance in school, and succeed academically** and socially than children who attend low-quality programs or do not attend at all

## For retirees:

- The Social Security Administration projects that [by next year, annual Social Security revenues will fall short of costs](#)
- Fully funding child care subsidies could incentivize parents with young children to work and pay into Social Security

# What is the return on investment of high-quality early care and education?

For families with young children:

- Parents can work when they can find and afford child care with reasonable effort
- Currently, child care costs are one of the highest in families' budgets—often exceeding the cost of college
- When child care is unstable or lower quality, parents experience work disruptions, poor productivity, and risk losing earnings

# What does a “good” supply of early care and education look like?

- Parents need **access to a supply** of early care and education that
  - Meets their needs
  - Supports their children’s development
  - Is affordable
  - They can find with reasonable effort
- Overall supply of ECE in the US is **inadequate**
  - “Child care deserts”
  - Supply of regulated home-based child care is rapidly declining
  - Access to “quality” better for preschoolers than infants/toddlers

# What is the state of the ECE workforce?

- **Increasingly skilled, yet poorly compensated**
  - **\$11.17 an hour** median wage in 2018 (\$23,240/year if full-time)
    - By comparison, K teachers earned median annual wage of \$54,230
  - Wage penalty of \$4 per hour for working with infants and toddlers
  - Racial disparities in pay
    - Black educators earn \$0.78 less per hour than white early educators, about \$1,622 less per year
- **High turnover**
  - Prepandemic: about 13% annual turnover
  - Twice as high in for-profit, private centers; lower in Head Start
  - [40% of ECE workers lost jobs](#) during height of pandemic
  - 1 in 8 have not returned

# How has the pandemic made the early care and education crisis worse?

[COVID-19 upended life for young children, families, and early care and education \(ECE\) programs](#)

- Young children experienced learning loss
- Unstable enrollment and attendance led to lower revenue and wages for ECE providers
- Declines more for school-based pre-K and center-based care than for family child care
- African American/Black and Latina families and children, those with special education needs, and those living in poverty have been affected the most

# Strengthening the Diversity and Quality of the Early Care and Education Workforce



Racial, Economic, and Social Justice for the Early Care and Education Workforce:  
Pre-, During, and Post-COVID-19



# What can states do to address the crisis?

States [can use federal stimulus funds](#) to

- improve child care subsidy payment rates/scholarships that could benefit providers and parents
- increase child care and early educator staff wages
- offer retention bonuses
- provide benefits including paid leave, health insurance, and retirement benefits
- offer support services such as infant and early childhood mental health consultation
- address concerns about staff well-being with paid planning time, paid training hours, and ratio improvements

# New federal funding opportunities

[Bi-partisan infrastructure bill](#) has passed and been signed into law:

- Funds transportation, utilities and broadband
- Some funds can support child care facilities
- Child care and early education services are not included

[Build Back Better:](#)

- Has not yet passed
- Designed to increase affordability of early care and education
- Current bills focus funds to increase wages for the early childhood workforce
- States, counties, or school districts can opt in

# Urban Institute Resources

Sandstrom, H. & Schilder, D. (2021). Strengthening the Diversity and Quality of the Early Care and Education Workforce. Urban Institute. Retrieved from [https://www.urban.org/research/publication/strengthening-diversity-and-quality-early-care-and-education-workforce/view/full\\_report](https://www.urban.org/research/publication/strengthening-diversity-and-quality-early-care-and-education-workforce/view/full_report)

Schilder, D. & Sandstrom, H. (2021). How Supporting Early Care and Education Supports a Stronger Economy. Retrieved from <https://www.urban.org/urban-wire/how-supporting-early-care-and-education-supports-stronger-economy>

Schilder, D. & Sandstrom, H. (2021). Racial, Economic, and Social Justice for the Early Care and Education Workforce: Pre-, During, and Post-COVID-19. Urban Institute. Retrieved from <https://www.urban.org/research/publication/racial-economic-and-social-justice-early-care-and-education-workforce-pre-during-and-post-covid-19>

Schilder, D. & Sandstrom, H. (2021). The Pandemic Exacerbated the Child Care Crisis. How Can States Reverse the Trend? Urban Institute. Retrieved from <https://www.urban.org/urban-wire/pandemic-exacerbated-child-care-crisis-how-can-states-reverse-trend>

Schilder, D., Sandstrom, H. & Casas, M. (2021). COVID-19 Relief Legislation Offers a Historic Opportunity to Support the ECE Workforce. Urban Institute. Retrieved from <https://www.urban.org/urban-wire/covid-19-relief-legislation-offers-historic-opportunity-support-ece-workforce>

Urban Institute (2020). Fixing Social Security: Should We Shrink the Program or Expand It? Urban Institute. Retrieved from <https://www.urban.org/features/fixing-social-security>

Urban Institute (2021). Historic Crisis, Historic Opportunity: Using Evidence to Mitigate the Effects of the COVID-19 Crisis on Young Children and Early Care and Education Programs. Urban Institute. Retrieved from [http://urban.org/sites/default/files/2021/06/23/slides\\_-\\_6.21.21\\_covid\\_kids\\_ecep\\_final.pdf](http://urban.org/sites/default/files/2021/06/23/slides_-_6.21.21_covid_kids_ecep_final.pdf)

# Additional Resources

Administration for Children & Families, US Department of Health and Human Services (2021). Dear Colleague Letter. Investing ARP and PDG funds to address the early childhood workforce shortage. Retrieved from [https://www.acf.hhs.gov/sites/default/files/documents/ecd/Dear%20Colleague%20Letter\\_ECE%20Workforce%20Final%20508%20%28002%29.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ecd/Dear%20Colleague%20Letter_ECE%20Workforce%20Final%20508%20%28002%29.pdf)

Gromada, A. & Dominic, R, (2021). *Where do rich countries stand on childcare? A ranking of national childcare policies in wealthy countries*. UNICEF Office of Research. UNICEF Office of Research. Retrieved from <https://www.unicef-irc.org/reportcards/where-do-rich-countries-stand-on-childcare.html>

Hardy, A., & Schmit, S. (2021). Build Back Better Act's Child Care Provisions: State-by-State Estimates. Center for Law and Social Policy. Retrieved from <https://www.clasp.org/publications/fact-sheet/build-back-better-act-s-child-care-provisions-state-state-estimates>

Sprunt, B. (2021). Here's what's included in the bipartisan infrastructure law. NPR. Retrieved from <https://www.npr.org/2021/06/24/1009923468/heres-whats-included-in-the-infrastructure-deal-that-biden-struck-with-senators>

Swenson, K. & Burgess Simms, K. (2020) *Early care and education arrangements of children under age five*. Office of the Assistant Secretary for Planning and Evaluation. US Department of Health and Human Services. Retrieved from [https://aspe.hhs.gov/sites/default/files/private/pdf/263876/Preschoolers\\_Type\\_of\\_Care.pdf](https://aspe.hhs.gov/sites/default/files/private/pdf/263876/Preschoolers_Type_of_Care.pdf)

# Contact information

Diane Schilder

[Dschilder@urban.org](mailto:Dschilder@urban.org)

Heather Sandstrom

[Hsandstrom@urban.org](mailto:Hsandstrom@urban.org)

# Thank you!

