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

December 15, 2021

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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?

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<thead>
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<tbody>
<tr>
<td><strong>Head Start</strong></td>
<td><strong>Child Care</strong></td>
<td><strong>Pre-K</strong></td>
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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?

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding</th>
<th>Children Served</th>
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<tbody>
<tr>
<td>Head Start</td>
<td>~$9.6 billion</td>
<td>~973,000 children aged birth–five</td>
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<tr>
<td>Child Care</td>
<td>~$10.3 billion</td>
<td>~1.4 million children aged birth–13</td>
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<td>Pre-K</td>
<td>~$9.0 billion in state funds</td>
<td>~1.6 million children before kindergarten</td>
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- US ranks 39th in the world on public funding for child care and early education.
What programs comprise the ECE workforce?

- Birth
  - Home-based Early Care and Education (licensed and unlicensed)
  - Nonprofit and For-profit Center-based Early Care and Education
  - Early Childhood Special Education Programs
  - Early Head Start

- Age 3

- Kindergarten Entry
  - Head Start
  - Nonprofit/For-profit Center-based Prekindergarten
  - School-based Prekindergarten
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

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
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


Additional Resources


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Thank you!