Bringing Long-Term Stability to the Child Care Market: Effective Workforce and Subsidy Policy Strategies

NAWRS Virtual Event Series

Thursday, September 29, 2022
About NAWRS

NAWRS is a non-profit association whose purpose is to promote the exchange of ideas on how research and statistical analysis can contribute to the development and administration of effective human services programs.

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Most brain development occurring in a person’s life happens in their first few years.

11 million children younger than age five are in some type of child care arrangement. On average, these children spend 36 hours a week in child care (Child Care of America, 2021).

Child care is an economic driver because it allows parents of young children the opportunity to work.
Structural Barriers of Child Care Market

- Demand
- Supply
- Access
- Quality
- Child Care Workforce
Demand and Supply

- **Limited access to child care and child care deserts**
  - Many communities face shortages of licensed quality child care including families living in rural areas.

- **Limited non-traditional hours child care**
  - Over one-fifth of parents with children under age 13 work nonstandard schedules (Urban Institute, 2015)
Striking decline in the number of providers accepting children with child care and Development Block Grant (CCDBG) subsidies.

- Between FY 2008 and FY 2019, the number of providers accepting children with CCDBG subsidies has declined by 60 percent, with only 244,055 providers accepting children with CCDBG subsidies in FY 2019.

- The largest decline has been among family care providers (a decline of 67 percent compared with just 18 percent among center-based providers.)
National Annual Estimate of Child Care (Child Care Aware America, 2021)

<table>
<thead>
<tr>
<th></th>
<th>Center</th>
<th>Home</th>
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</thead>
<tbody>
<tr>
<td>Infant</td>
<td>$12,377</td>
<td>$9,974</td>
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<tr>
<td>4 year old</td>
<td>$9,715</td>
<td>$9,036</td>
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<tr>
<td>Average</td>
<td>$11,046</td>
<td>$9,505</td>
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<tr>
<td>Overall average</td>
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<td>$10,276</td>
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Pandemic and child care market

- Navigate Public Health Emergency and Health Concerns
- Temporary or permanent closures
- Higher costs and staff shortage
- Decline in women labor force participation
Pandemic and child care market

Enrollment and Average Daily Rates Centers vs FCC (National Association for the Education of young children, NAEYC 2021)

- Average daily attendance rate as a percentage of licensed capacity:
  - Centers: 37%
  - FCC: 62%

- Attendance rate as percentage of licensed capacity:
  - Centers: 67%
  - FCC: 75%
Pandemic and Women Workforce Participation

Women Unemployment Rates
Child Care Workers Mean Annual Wage
Bureau of Labor Statistics

Child Care Workers Annual Wages (2001-2021)
Child Care and Other Related Fields Earnings

Median Salary
Bureau of Labor Statistics, May 2021

- Child Care Workers: $27,680
- Preschool Teachers: $36,460
- Teaching Assistant - No Post Secondary: $32,150
- Teaching Ass-Post Sec: $41,170
- Pre-School-No Special Ed: $51,140
- Pre-School Kindergarten Teacher: $59,430
Washington State Early Childhood Education Career and Wage ladder

The Early Childhood Education Career and Wage Ladder - Economic Opportunity Institute Economic Opportunity Institute

The Early Childhood Education Career and Wage Ladder: A Model for Improving Quality in Early Learning and Care Programs (opportunityinstitute.org)

Child Care Sector jobs https://www.cscce.berkeley.edu/publications/brief/child-care-sector-jobs-bls-analysis/
Overview and Goal

Provide an overview of our public child care “system” to set the context

- What it is accomplishing to address the challenges that parents face
- The system’s inherent limitations to address the current child care crisis (including goals around supporting the child care workforce)
- How it works and for whom
- Selected resources
Understanding our public child care investment

- Primary federal investment is through the Child Care and Development Fund (CCDF)

- Funding mostly helps parents purchase child care in their communities, small amount supports quality and supply activities

- In 2019, funding roughly $11 billion, served about 2 million children

- Today’s comments focus on what system looked like pre-pandemic

- Many pandemic-era policy and funding changes were very important, but were short-term/time limited, a lot of uncertainty about what will happen moving forward in terms of funding, policy, demand, etc.

- But overall parameters likely to still be in effect, relevant for these questions
What the subsidy system is accomplishing

- In an average month in 2019, 2 million children were in child care paid for fully or partially by the CCDF

- Their parents were able to use child care they wouldn’t otherwise be able to afford, allowing them to work, look for work, or attend education/training

- 250,000 providers received payments to care for children who likely would not otherwise be able to enroll – only source of public funds for many

- Research has shown clear impacts of subsidies on maternal employment and child poverty for those who receive them; also important in supporting ability of some providers to stay in business

- Critically important program for the millions of children and families it is serving, and provides essential resources for the providers that serve them
The challenges the subsidy system faces in addressing the overall child care crisis

- Funding only available to serve one in six of those eligible (out of 52.5 million children ages 0-12, only 12.5 million eligible under federal rules, and only 2 million served)

- Result: child care quality and cost largely driven by private market, limited by what parents can pay

- Market doesn’t support more expensive care (i.e. quality, infants and toddler care), or care that doesn’t have concentrated or stable demand

- CCDF funding helps parents access the existing market and supports some providers in the existing market, but not enough to fundamentally change the overall market

- Likely to have more impact where funds concentrated or targeted, but only as long as investments are sustained
Unpacking how the subsidy system works, and for whom

- Who is eligible under federal law?
- Who actually gets child care assistance to purchase care that meets their needs?
  - State eligibility policies
  - State priority policies
  - Who knows about it
  - Who can get through the application process
  - What kind of care can they purchase with it, and does it meet their needs?
    - Payment rates/policies
    - What kinds of providers can and do participate?
A VIRGINIA EXAMPLE OF FINANCIAL INCENTIVES FOR EARLY EDUCATORS

Molly Michie
Study of Early Education through Partnerships at the University of Virginia
September 29, 2022
The Effects of Financial Incentives on Teacher Turnover in Early Childhood Settings: Experimental Evidence from Virginia

Daphna Bassok, Justin B. Doromal, Molly Michie, & Vivian C. Wong
In 2019, Virginia used almost $3 million in federal Preschool Development Grant funds to pilot an innovative early childhood incentive to support early educators, reduce turnover, and improve learning opportunities for children.

- $1,500 financial incentives
- Tied to retention at a specific PDG site
- Any early childhood educators (teachers, assistant teachers, aides, staff)
- Working directly with children 0-5, 30+ hours per week
AN OPPORTUNITY TO LEARN

What does turnover look like in the Virginia early childhood workforce?

- Our partners verified teachers' employment at their programs at 3 timepoints over the pilot year, ending December 31st, 2019

What is the impact of the financial incentives?

- One large, urban county was interested in participating in the PDG B-5, but there were insufficient resources to include all sites and teachers in the recognition program
- Eligibility was determined by site-level lotteries
- 75 sites and close to 600 teachers
- Lottery winners: Up to three payments of $500
- Comparison group: $0 received through Teacher Recognition Program
### Participating Teachers’ Characteristics Varied by Sector and Role

<table>
<thead>
<tr>
<th>Variable</th>
<th>All teachers</th>
<th>Child Care Centers</th>
<th>School-Based Programs</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Assistant teachers</td>
<td>Lead teachers</td>
</tr>
<tr>
<td>Number of teachers</td>
<td>568</td>
<td>237</td>
<td>245</td>
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<td></td>
<td></td>
<td>38</td>
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<td></td>
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<td>48</td>
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<tr>
<td><strong>Race/Ethnicity</strong></td>
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<tr>
<td>Black, not Hispanic</td>
<td>19%</td>
<td>19%</td>
<td>22%</td>
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<tr>
<td>Hispanic or Latino</td>
<td>24%</td>
<td>28%</td>
<td>25%</td>
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<tr>
<td>White, not Hispanic</td>
<td>26%</td>
<td>17%</td>
<td>24%</td>
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<tr>
<td>Other/two or more races</td>
<td>31%</td>
<td>36%</td>
<td>29%</td>
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<tr>
<td>Age (in years)</td>
<td>42.0</td>
<td>39.8</td>
<td>42.3</td>
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<tr>
<td>ECE experience (in years)</td>
<td>10.5</td>
<td>7.7</td>
<td>12.1</td>
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<td>Has at least a Bachelor’s degree</td>
<td>47%</td>
<td>35%</td>
<td>47%</td>
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<td>Estimated annual earnings ($)</td>
<td>38,496</td>
<td>30,670</td>
<td>36,042</td>
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<tr>
<td>Healthcare from site</td>
<td>82%</td>
<td>83%</td>
<td>75%</td>
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<table>
<thead>
<tr>
<th></th>
<th>Assistant teachers</th>
<th>Lead teachers</th>
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<tr>
<td></td>
<td>13%</td>
<td>8%</td>
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<td></td>
<td>24%</td>
<td>4%</td>
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<tr>
<td></td>
<td>39%</td>
<td>71%</td>
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<td></td>
<td>24%</td>
<td>17%</td>
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<td></td>
<td>49.9</td>
<td>42.7</td>
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<tr>
<td></td>
<td>13.2</td>
<td>11.6</td>
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<td></td>
<td>41%</td>
<td>100%</td>
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<tr>
<td></td>
<td>32,601</td>
<td>70,487</td>
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OVERALL TURNOVER IS HIGH, PARTICULARLY AT CENTERS AND FOR ASSISTANT TEACHERS
THE RECOGNITION PROGRAM CUT TURNOVER IN HALF AT CHILD CARE CENTERS
WITHIN CENTERS, ASSISTANT TEACHERS WERE MOST IMPACTED
RECIPIENT TEACHERS SHARED...

“It truly made me feel appreciated and valued... working tirelessly in a notoriously underpaid profession can weigh on my heart and mind at times when I feel like my paycheck doesn’t even closely reflect the quality of my work and the effort I put in.”

“The recognition and acknowledgement meant everything. For so long, early childhood educators have been unnoticed.”

“It motivated me to stay with my job even though it was difficult.”

“Because of this grant, I was able to keep a roof over my children’s head. My youngest was hospitalized and I didn’t have enough PTO left to use.”

“I was able to invest in supplies for work and I was able to use it to pay for my medical bills and car troubles.”

“The money we received through the grant made me feel more valued for what I do, and hopeful that our government can work towards seeing educators as real professionals who hold an important position in our society.”
THE RECOGNITION PROGRAM SINCE 2019 (RECOGNIZE B5)

- Based on 2019 findings, the state has since concentrated resources on center- and home-based teachers as the program expands across the state.

- Increasing amount over time:
  - $2,000 for 2020-2021 and 2021-2022
  - $2,500 for 2022-2023
  - $3,000 for 2023-2024

- Aiming to support and retain teachers with direct payments as they work towards sustainable systems for higher salaries.
Our brief summarizing these findings

VDOE’s Recognize B5 info flyer and impact map

To learn more about our team’s work:

www.see-partnerships.com
Selected Resources


- Adams and Dwyer, *Child Care Subsidies and Home-Based Child Care Providers: Expanding Participation*. Urban Institute, 2021
