Universal Childcare is Essential to Women’s Economic Futures

Women are not Returning to Work Due to Lack of Child Care

STAFF REPORT PREPARED FOR

Sen. Elizabeth Warren
Sen. Ron Wyden
Sen. Tina Smith
Rep. Katherine Clark
Rep. Rosa DeLauro
Rep. Sara Jacobs
Rep. Mondaire Jones

MAY 2021
Table of Contents

I. Executive Summary ........................................................................................................... 1

II. Findings: High-Quality, Affordable Child Care is Essential to Our Economic Recovery .................................................................................................................................................. 2

A. Families Need Reliable and Affordable Child Care
   In Order to Return to Work .................................................................................................. 2

B. Families—especially women—have suffered significant economic fallout from the pandemic .................................................................................................................. 3

C. Expanding and improving child care can create good jobs for women, especially women of color ............................................................................................................. 3

D. Child care must be structured to accommodate the reality of families’ post-pandemic lives .................................................................................................................. 4

E. Investments in child care supply are needed to ensure families have the care options they need .......................................................................................................... 5

III. Conclusion ......................................................................................................................... 5
I. Executive Summary:

The nation’s families have suffered an economic calamity during the coronavirus disease 2019 (COVID-19) pandemic. Millions have lost jobs or been forced out of the workplace, and women have been particularly hard hit—largely because of problems with child care caused by remote schools and closed or reduced-capacity child care providers. If these problems are not resolved, they will continue to hurt families and slow the economic recovery.

This review finds that:

- **Working parents—especially women—are not returning to work because of lack of affordable and reliable child care.** A national survey found that nearly 20 percent of working parents left the workforce or reduced their hours solely due to a lack of child care, and 26 percent of women who became unemployed during the pandemic attributed this to a lack of child care. Now, in order for families to return to work, they need safe, reliable, and affordable child care. Without this support, many parents will find it difficult to even interview for jobs, let alone advance in their careers. Our economic recovery depends on supporting parents by ensuring that every family who needs it can find affordable, high-quality care for their children.

- **Families—especially women—have suffered significant economic fallout from the pandemic.** By the start of 2021, an estimated ten million mothers with school-age children were out of the workforce—a net loss of 1.4 million women from the workforce compared to 2020. Women of color have been among the hardest-hit. The problems faced by women who have been forced out of the workforce will slow the economic recovery, and “reduces not only their earnings today but their potential earnings tomorrow and into the future.”

- **A $700 billion investment in expanding and improving child care can create good jobs for women, especially women of color.** Women make up 95 percent of the child care workforce; 20 percent of child care workers are Latina and 19 percent are Black women. These women are under-paid and under-appreciated—but investing in child care and ensuring that child care workers are adequately supported and paid for their work will create millions of new, good jobs.

- **Child care must be structured to accommodate the reality of families’ post-pandemic lives.** Even before the pandemic, our child care subsidy system was not set up to reflect families’ day-to-day reality. The limited child care subsidies available impose rigid and outdated requirements on families, including work requirements. These eligibility requirements and persistent under-funding have prevented many families from receiving crucial child care support. Out of the 13.5 million children eligible for federal child care subsidies, an estimated 1.9 million, or approximately 14 percent, received child care subsidies in 2017.

- **Investments in child care supply are needed to ensure families have the care options they need.** Prior to the COVID-19 pandemic, the Center for American Progress found that approximately half of families were living in areas with low supply of child care. Supply concerns have been exacerbated with child care programs closing or reducing their capacity due to the pandemic.

We have called for $700 billion over ten years to support the needed investments in our child care system. We have also advocated for a variety of different investments to support child care providers and families:

- Senator Warren and Congressman Jones have introduced legislation, the Universal Child Care and Early Learning Act, that would ensure that every family has access to affordable child care and that child care workers are paid a livable wage equivalent to other educators with similar training. The legislation will have enormous benefits for families and the economy, providing millions of new jobs and ensuring that women and families are able to enter the workforce and go to school without being held back by their child care needs.
II. Findings: High-Quality, Affordable Child Care is Essential to Our Economic Recovery

A. Families Need Reliable and Affordable Child Care In Order to Return to Work

Commenting on the April 2021 jobs report, Treasury Secretary Janet Yellen said, “Our policymaking has not accounted for the fact that people’s work lives and their personal lives are inextricably linked, and if one suffers, so does the other.”

Universal, affordable, high-quality child care is necessary to support parents, especially women. A recent study found that expanding access to child care would increase the number of mothers with young children working full-time by approximately 17%, increase the lifetime earnings for a woman with two children by about $94,000, and substantially increase women’s lifetime savings and Social Security benefits. This single policy change would make nearly a decade’s worth of progress in closing the gender earnings gap.

The need for affordable and reliable child care is particularly significant as the nation and its families recover from the pandemic. A report by the Center for American Progress estimated that the risk of mothers leaving the work force and reducing work hours to take care of their children would result in $64.5 billion per year in lost wages and economic activity. Investing in a broadly accessible child care system would provide stability and economic relief, increasing the size of the labor force and productivity of labor. Without a reliable and stable workforce, our economy will not recover.

Families need child care in order to return to work. Without this support, many parents will find it difficult to even interview for jobs, let alone advance in their careers. Our economic recovery depends on supporting parents by ensuring that every family who needs it can find affordable, high-quality care for their children.
B. Families—especially women—have suffered significant economic fallout from the pandemic

Women have disproportionately suffered from the economic fallout of the COVID-19 pandemic. Forced to juggle remote school, closed or reduced-capacity child care providers, and a typically larger share of household responsibilities, many women concluded that their best option was to leave paid employment to focus on caregiving. By the start of 2021, about ten million mothers with school-age children were out of the workforce—a net loss of 1.4 million women from the workforce compared to 2020.

And the loss of women from the workforce has not leveled off: in April 2021, 165,000 women over 20 years old dropped out of paid employment. A lack of affordable, reliable child care played a significant role in these decisions. One national survey found that nearly 20% of working parents had to leave work or reduce their hours solely because of child care, while 26% of women who became unemployed during the pandemic attributed it to inadequate child care.

This analysis concluded that “while working women have always shouldered more of the household responsibilities, Covid-19 made work-life balance disproportionately more difficult for women, and in particular, single mothers and women of color.”

When women are forced to leave the paid workforce, it creates a drag on our whole economy. Even before the pandemic, some estimates showed that the national GDP would grow by 5% if women’s paid workforce participation matched men’s. And the pandemic has made matters significantly worse: A McKinsey analysis indicated that the U.S. could lose $2.4 trillion in GDP if it takes no action to address gender disparities resulting from the pandemic.

And even if many women eventually return to the paid workforce, they may face lower lifetime earnings and savings due to their time spent providing unpaid care, which affects the economic security of their whole families. A Census review of the economic impact of the pandemic concluded that “mothers carry a heavier burden, on average, of unpaid domestic household chores and child care, which, during a pandemic that draws everyone into the home, disrupts parents’ ability to actively work for pay,” and that leaving the workforce “during the pandemic to care for children reduces not only their earnings today but their potential earnings tomorrow and into the future. As the pandemic drags on, these negative effects on the total lifetime earnings of mothers of school age children will increase.”

C. Expanding and improving child care can create good jobs for women, especially women of color

Child care workers have been some of the hardest hit by the pandemic. As of April 2021, the child care industry has lost more than one in seven jobs since February 2020, a net total of 152,800 lost jobs. Women of color are disproportionately harmed by these job losses. Women make up 95 percent of the child care workforce; 20% of child care workers are Latina and 19% are Black women.

These job losses come in a field that is already dramatically under-valued and under-paid. Child care workers rank among the bottom two percent of professions by salary. Even before the pandemic, most child care workers were not being paid a living wage, although their work is crucial to keep the economy running. In 2020, the average pay for a child care worker was $12.24 an hour. A 2020 report indicated that child care workers without children earned enough to cover their basic needs in only 10 states, and the earnings of child care workers with at least one child did not meet the standard for a living wage in any state. And additional disparities affect child care workers who are women of color, with a recent report identifying a racial wage gap for Black early childhood educators of $0.78 per hour. The gap is even higher for those teaching preschool-age children, with Black preschool teachers earning up to $1.71 less per hour than similarly situated white teachers.

Due to these incredibly low wages, child care workers experience significant economic insecurity. In most states, between 15 and 25 percent of the child care workforce live below the poverty line, and early childhood educators face poverty rates that are nearly eight times higher than elementary school teachers. Nearly half of child care worker families rely on public...
income supports, such as SNAP. An ongoing study also found that 42 percent of the workforce was food-insecure. And in addition to the wage disparity, only 28 percent of child care workers have employer-sponsored health insurance, and many receive little or no paid sick or family and medical leave.

Perhaps unsurprisingly, turnover rates in the child care field are high, and the pandemic has made them even higher. One third of early childhood educators leave the profession annually. More than two-thirds of child care providers reported that recruiting and retaining qualified staff has become even harder during the pandemic. Of course, many child care providers are parents themselves and have had to juggle care for their own children. Consistent relationships are key to children’s development; high turnover rates are harmful to providers, employees, children, and families.

But this low pay and damaging inequity can be addressed as part of an expansion of high-quality child care that recognizes the skill and value of child care work. A significant investment in expanding quality care—$700 billion over ten years—would support providers’ pay and benefits alongside improved quality and access. The Universal Child Care and Early Learning Act requires that child care workers be paid a living wage equivalent to other similarly credentialed educators in their states. Today, depending on the state, preschool teachers with bachelor’s degrees can make up to 50 percent less than a kindergarten teacher with a bachelor's degree in the same state. This inequity is unfair and contributes to high turnover rates, as skilled early childhood educators leave for jobs in the public school system with higher pay and benefits.

A major public investment in universal child care can create thousands of good jobs for women, especially women of color, who do the essential work of nurturing young children and their families. Providing child care workers with livable wages will not only support the providers and educators, but also the children and families served, as decreasing the stressors that come along with poverty-level wages and poor working conditions will allow child care workers to provide better care. Providing child care workers with the pay and support they deserve is good for children and our economy.

D. Child care must be structured to accommodate the reality of families’ post-pandemic lives

As the COVID-19 pandemic turned schedules and routines upside down, families across the country have reorganized their lives to accommodate their caregiving needs. As we prepare for the post-pandemic economy, we must structure child care programs to address their new and ongoing needs.

Our current federal child care subsidy program, funded by the Child Care and Development Block Grant (CCDBG), forces families to meet outdated and rigid eligibility restrictions. CCDBG restricts eligibility to parents who are working or attending job training, unless the child needs or is receiving protective services. And although states are allowed to cover parents who are seeking education and training, states do not prioritize these parents, making it more difficult for them to obtain CCDBG funds.

Along with persistent under-funding of the program, this restricts families in need from receiving child care support. A recently published GAO report revealed that, of the 13.5 million children eligible for federal child care subsidies, an estimated 1.9 million, or 14 percent, received child care subsidies.

A broad body of evidence demonstrates that work requirements prevent families with children from accessing important public benefit programs. Although most parents receiving public assistance are working, many do not consistently work enough hours to meet work requirements. Even before the pandemic, many parents faced irregular and unpredictable schedules, a lack of available quality jobs, and physical and mental health challenges that made it difficult for them to meet the requirements. All of these problems are likely to be exacerbated in the post-pandemic economy.

States currently vary widely in the work and activity requirements they set for child care subsidies, with some requiring documentation of parents’ hours and schedules and precise matches of parents’ work hours to child care hours. Even for families that meet the requirements, documenting this information imposes an administrative burden that prevents people from accessing programs for which they qualify.
The American Rescue Plan included more than $40 billion for child care programs, which fulfilled our call for much-needed emergency relief funding. This support will be crucial for keeping child care providers afloat as they recover from the devastating effects of the COVID-19 pandemic. However, it is not a long-term solution to the lack of affordable, high quality child care for working families. By one estimate, the combined relief funds are enough to fill this revenue gap for less than six months.

Instead, we need a long-term commitment to building up the availability, quality, and stability of child care programs to ensure that families across the country have access to options that work for them. Assistant Speaker Clark’s Child Care is Infrastructure Act would invest in these facilities as part of our essential infrastructure, creating a more resilient system. Additionally, the forthcoming Wyden-Warren Building Child Care for a Better Future Act creates a permanent supply-building grant program to ensure that child care providers are able to open and operate in areas where there are not enough child care providers to meet the need.

III. Conclusion

The pandemic has had a devastating effect on families’ economic well-being, with particularly damaging effects on women’s ability to remain in the workforce. The closure of schools and child care centers has exacerbated these concerns.

As families look ahead to a post-pandemic future, many parents will be unable to consider moving back into the workforce until they are able to secure reliable child care. Families facing housing insecurity, coping with mental or physical illness, or overcoming domestic violence should not have to clear additional administrative hurdles before being able to find quality, consistent care for their children. And high quality child care benefits children’s development, regardless of what their parents are doing.

As we look ahead to building a post-pandemic child care system that truly meets families’ needs, we must build a system that is universal, flexible, and easy to access. Families are not sure yet what their lives will look like after this pandemic; quality, consistent child care should not be one of the question marks.
Endnotes


4 Id.

5 Id.


18 Id., pp. 4, 28.


Universal Childcare is Essential to Women's Economic Futures | Women are not Returning to Work Due to Lack of Child Care


National Women’s Law Center, “One in Five Child Care Jobs Have Been Lost Since February, and Women Are Paying the Price,”


Id.


Id.

Id.


National Association for the Education of Young Children, “Am I Next? Sacrificing to Stay Open, Child Care Providers Face a
Universal Childcare is Essential to Women’s Economic Futures  |  Women are not Returning to Work Due to Lack of Child Care


64 Id.


66 Center for Law and Social Policy and National Women’s Law Center, “Child Care is Key to Our Economic Recovery,” April 2020, pp.2, https://www.clasp.org/sites/default/files/publications/2020/04/CCKeytoEconomicRecovery.pdf. This analysis found that $9.6 billion per month would be needed to sustain the child care sector.
