



# DEMANDING CHANGE



*Repairing our Child Care System*

#DemandingChildCareChange

[childcareaware.org](http://childcareaware.org)

# Introduction

The pandemic illuminated how indispensable child care is for the well-being and economic security for our children, families and communities, while simultaneously revealing the system's many shortcomings.

Child care has been underfunded for decades, resulting in an inadequate supply of high-quality programs and too many families priced out of the system. Providers can only charge what families can afford, which often translates into near-poverty wages and limited benefits (if any) for early educators.

It is no secret that COVID-19 exacerbated these past and present challenges.



The financial strain of the ongoing COVID-19 pandemic on providers continues to result in more program closures. Years of undervalued work by child care providers has led to staffing shortages across the country. Parents who already had limited options for affordable, high-quality child care before the pandemic are facing even fewer options today. This, in turn, is keeping parents, particularly mothers, out of the workforce—hindering the country’s economic recovery. Child care currently exists in a precarious state, and our families, children and communities can’t wait any longer for change.

The silver lining throughout these challenges is that attention is finally being paid to the importance of child care to our communities. A groundswell of support among voters and policymakers for continued investments in child care has emerged. This is the result of sharing data collected on the status of child care and amplifying the experiences of providers and families.

After a year and a half of temporary pandemic relief funding solutions, Congress has the opportunity to provide new long-term investments in the Build Back Better Act. We could be at a turning point for a more equitable system of early learning, as the provisions in this historic, proposed legislation will support our families and communities by funding universal preschool for 3- and 4-year-olds and funding initiatives that increase wages for child care providers while making high-quality child care accessible for millions of families.



***Our demands for change have been heard.***

Child Care Aware® of America’s (CCAoA) research reiterates what has remained consistent throughout the pandemic—that comprehensive policy change that provides long-term, sustainable solutions is needed to transform child care. Our 2020 report, *Picking Up the Pieces*, focused on how the COVID-19 pandemic was affecting child care supply, affordability and quality. *Demanding Change* follows up on our 2020 report and focuses on four aspects of the child care system and the issues impacting them:



## **Supply**

PAGES 6-22



## **Demand**

PAGES 24-30



## **Affordability**

PAGES 32-42



## **Child Care Workforce**

PAGES 44-58

Each section of this report features updated child care data gathered from CCAoA’s annual survey of Child Care Resource and Referral agencies (CCR&Rs). The report also features case studies that focus on critical issues facing our country and how they impact the child care system, including equity, COVID-19, the role of data and the economy.





*Years of low wages and lack of benefits, followed by layoffs due to COVID-19, have resulted in severe staffing shortages for child care programs.*



# Supply

**Prior to COVID-19, the U.S. did not have an adequate supply of high-quality child care spaces. This was particularly true for marginalized and often-overlooked communities. For example, Black and Latino families are more likely to have someone who works a nonstandard hour schedule, and this type of child care is in short supply nationwide.<sup>1</sup>**

The pandemic has only made this supply gap worse. Researchers from UCLA found that 296 child care programs had closed in Los Angeles in 2020—resulting in a loss of nearly 7,500 slots.<sup>2</sup>

A study in North Carolina found a 2% decline in child care programs.<sup>3</sup> While this may seem like a negligible amount, it's important to remember that child care supply was already dwindling before the pandemic began.

Even small dips in the supply of child care can have a catastrophic effect on communities, and certain communities have been more affected than others.

[The Center for American Progress](#) noted that some predominantly Black and Latino communities will continue to fall behind when it comes to child care supply.



The pandemic caused the temporary closure of Migrant and Seasonal Head Start programs, which put a strain on agricultural workers in rural communities.<sup>4</sup> From December 2019 to March 2021, we found a total of 8,899 child care centers closed in 37 states for which we had data. In that same time period, 6,957 licensed family child care (FCC) programs (also known as home-based care) closed in 36 states. This represents a 9% loss in licensed centers and a 10% loss in licensed FCC programs.

In 2020, our *Picking Up the Pieces* report examined the supply crisis the U.S. faced before and during the COVID-19 pandemic. We found that prior to the outbreak of the pandemic, the child care supply was decreasing. Our annual survey results showed that between 2018 and 2019, 53% of states reported a decline in the number of child care centers. More alarmingly, 79% of states reported a decline in FCC providers. When we compare 2018 data to 2020 data, the picture is grimmer. In total, 24 of the 37 states which completed both surveys reported a loss in the number of centers and center-based slots (64%). For family child care, 31 of 36 states reported losses (84%). As of late 2020, some programs were still listed as temporarily closed and may open again. However, many of these providers are permanently closed.

### *Between December 2019 And March 2021*



**8,889**

CHILD CARE  
CENTERS



**6,957**

LICENSED FAMILY  
CHILD CARE (FCC)  
PROGRAMS

There is no doubt the pandemic exacerbated an already fragile child care system. There are several reasons for the severe and sustained crisis in supply. As we will explore in the Workforce section of this report, child care professionals are leaving the field in droves, and they may not return. Years of low wages and lack of benefits, followed by layoffs due to COVID-19, have resulted in severe staffing shortages for child care programs.

Without adequate staffing, child care programs cannot accommodate the number of children that they previously could. Owners and directors of child care programs sometimes must fill in as teachers to meet ratio requirements. Many of them have been barely hanging on financially for years, and when COVID-19 hit, they could not overcome the crisis.





**CASE STUDY: FFN CARE IN WASHINGTON STATE**

While most child care statistics focus on licensed centers or family child care homes, there is another type that parents frequently use: Family, Friend and Neighbor (FFN) Care. Also known as informal or unlisted child care, these providers are typically unlicensed or license-exempt. They may or may not receive payment.

According to the [2019 National Study of Early Care and Education \(NSECE\)](#), around 2 million children under the age of 6 received child care from paid, unlisted, FCC providers. Another 3.8 million children in this age group were cared for by unlisted, unpaid providers. Parents often choose FFN care because it is more affordable and more flexible and they are more comfortable with leaving their children in the care of someone they know.

Multiple CCR&Rs and other community organizations around the country are working to support these caregivers through activities that help them engage with children and build quality. These include play and learn groups where multiple FFN providers can come together and participate in structured learning activities. COVID-19 restrictions curtailed these groups' ability to meet in person, but many groups adapted through virtual meetings and other forms of support.

Moving forward, Child Care Aware® of Washington is working to put more supportive groups in place across the state for FFN providers. For many parents, FFN child care is the preferred option for many cultural communities or sometimes the only option for a variety of reasons. Play & Learn groups are a great way for FFN providers to build their skills in early care and education while giving them the opportunity to interact with other FFN providers. This type of support network can help build the supply of higher-quality child care.

**FFN = FAMILY, FRIEND AND NEIGHBOR**

Child Care Aware® of Washington's network of CCR&Rs across the state has used three Play & Learn models in different ways to support their unique populations.

[Child Care Aware® of King/Pierce Counties](#), which includes the Seattle metro area, serves a diverse population with many cultures and languages. It supports [Kaleidoscope Play & Learn](#) groups across the state of Washington and in other parts of the country in partnership with a range of community groups. The guiding principles of Kaleidoscope Play & Learn groups are community collaboration, inclusion, quality and trusting relationships. The FFN providers who participate in the groups are considered the experts. They co-design the curriculum and support other FFN providers.

The [Child Care Aware® of Southwest Washington CCR&R](#) conducts [1-2-3 Grow & Learn](#) groups in local elementary schools. Children under age 5 and their FFN caregivers can attend these groups in their future elementary schools. This provides them with the opportunity to become more comfortable in their future schools and build relationships with staff members. Professional facilitators hired by the CCR&R conduct the Grow & Learn groups.

[Child Care Aware® of Central Washington](#) developed a hybrid Play & Learn system to provide resources for families who bring their children with them to case management appointments at state community service offices. While the parents meet with their case managers, the children can participate in Early Connections Play & Learn groups that are facilitated by early care and education professionals. While FFN caregivers are not directly involved in these groups, they provide children with valuable educational opportunities and parents with developmental screening information and other resources.


As programs like these increase, there are more opportunities for data collection. We can study these programs to learn more about FFN care and how it helps families.



## THE ISSUE OF QUALITY

Quality is often left out of discussion about child care supply. This has been especially true during the COVID-19 pandemic, when the focus was on finding child care options for essential workers. As we grapple with the many issues that our child care system is facing, we must not forget that quality matters.

Far too many families still do not have access to high-quality child care due to barriers such as expense and lack of slots in these settings. It is not enough to simply count the number of licensed child care slots in a community. The number of slots in high-quality settings is equally, if not more, important.



***It is not enough to simply count the number of licensed child care slots in a community. The number of slots in high-quality settings is equally, if not more, important.***

Time and again, research has shown that children who attend high-quality programs have more positive long-term outcomes, such as higher graduation rates from high school, higher income and better physical health and stronger families. Short-term gains were noted by researchers in the U.K., who found that young children who continued to attend child care during the pandemic made more gains in language development and vocabulary growth.<sup>5</sup> This was especially true for children from low-income families.

A meta-analysis of 22 studies found that participation in high-quality early care and education can lead to reductions in special education placement and increases in high school graduation rates.<sup>6</sup> Some estimate that for every dollar spent on high-quality child care, there is a 13% return on investment annually.<sup>7</sup>

## BUT WHAT IS QUALITY CHILD CARE?

Among other things: Quality care provides the emotional and academic support children need to be school-ready by the time they enter kindergarten. From infancy, children need strong social-emotional connections with responsive caregivers. These interactions can lead to future positive outcomes in academics, interpersonal skills, self-regulation and motivation.<sup>8</sup>

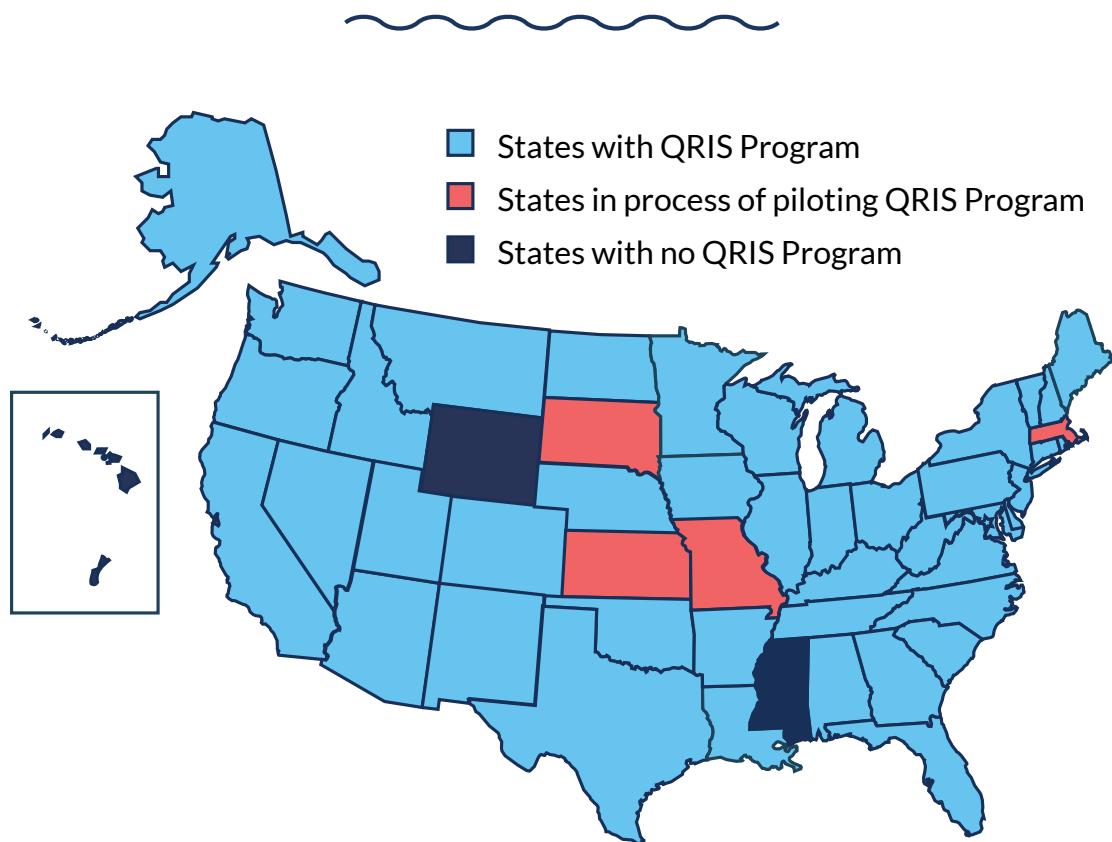
Quality child care is culturally and linguistically responsive and provided by engaged and caring child care providers. Quality child care nurtures the healthy physical development of children by incorporating physical activity time and developmental screening practices, and uses the most recent food safety guidelines in providing healthy meals and snacks. Ideally, quality child care should be easily accessible for all families, regardless of location or socioeconomic status. However, in many communities, quality child care continues to be out of reach of most families.





States have attempted to define quality measures and 43 states and the District of Columbia currently have a fully operational quality rating and improvement systems (QRIS), with an additional 4 states in the process of piloting these systems. These systems vary considerably across the states in terms of provider participation, measures of quality and financial incentives associated with meeting those measures.

In many instances, QRIS serves as a classification structure to provide families with a simple resource to understand the quality of area child care programs. According to the National Center on Early Childhood Quality Assurance, QRIS ratings can be applied to early- and school-age care and education programs that meet a set of defined program standards. QRIS ratings are typically on a three-, four- or five-step scale. In most states, participation in QRIS is voluntary.



**QRIS** = QUALITY RATING AND IMPROVEMENT SYSTEMS

The use of QRIS also carries implications around equity. In 2019, the [National Center on Early Childhood Quality Assurance](#) found that in states with voluntary participation policies, around 39% of center-based programs participated in QRIS while only 21% of family child care programs participated. CCAoA annual survey data from 2020 showed that only three states saw increases in the number of QRIS-participating providers from 2019 to 2020.

National accreditation is another way for child care programs to enhance quality. Accreditation requires child care programs to meet standards beyond minimum state licensing criteria. However, becoming accredited can be a costly and time-consuming process, especially for FCC providers. CCAoA annual survey data from 2020 showed that only 11% of licensed centers and 2% of licensed FCCs were nationally accredited.





There is evidence that the current QRIS structure is not equitable nationwide. A recent study found that while QRIS participation is higher in communities with higher levels of poverty, it is lower in communities with larger populations of Black families.<sup>9</sup> The [Migration Policy Institute](#) outlined barriers that culturally and linguistically diverse (CLD) child care educators encounter when seeking information about and resources through QRIS, including the presumption of a certain amount of English proficiency and the financial means to participate in QRIS.

Participation in QRIS requires providers to invest time and money. These barriers can be impossible to overcome among programs that are struggling to stay in business during this chaotic time. Additionally, while states have directed considerable investment to QRIS, [research suggests](#) that states' defined quality measures may only show modest improvements in some child outcomes.

As states gain the resources necessary to expand services to more children and families, CCAoA seeks to assist policymakers, advocates and child care providers in developing more consistent definitions and measures of quality that support child development, affirm parent preference and choice, and provide support and resources for all providers, particularly those that are much less represented in current quality improvement efforts, such as FCC, license-exempt providers and providers of color.



## THE IMPACT OF THE “SHE-CESSION”

One significant consequence of the COVID-19 pandemic has been its impact on women in the workforce. Even prior to COVID-19, CCAoA’s annual reports highlighted how working mothers, expected to take on the lion’s share of childrearing and other household duties, must consider child care availability and price as they build their careers.

Between 2000 and 2016, women’s workforce participation declined—with lack of access to affordable child care often cited as a reason for exiting the workforce.<sup>10</sup> Child care expenses consume most of women’s paychecks and may weigh heavily on their decision to leave the workforce. However, many working mothers do not have the option of leaving the workforce.

Before COVID-19, nearly half of all working women worked in jobs paying low wages. Black women (54%) and Latina women (64%) compose the largest share of low-wage workers.<sup>11</sup> In these families, quality, affordable child care is essential, yet often difficult to access.

COVID-19 only intensified these challenges and hastened the decline of female labor force participation. [The Bureau of Labor Statistics](#) found that there were 1.7 million fewer women in the workforce in September 2021 compared to September 2019. At the beginning of the pandemic, women’s jobs were most at risk because women are disproportionately represented in sectors most affected by shutdowns—including leisure, hospitality and education.<sup>12</sup> Add the unpredictability of the child care landscape to the mix and it is not surprising that women felt the pressure or were forced to leave their jobs.



### *Women in the Workforce*


**74.2M**

SEPTEMBER 2019

**72.5M**

SEPTEMBER 2021

The hard-fought gains women made over the past 40 years were nearly erased by the economic crisis caused by the COVID-19 pandemic. With the advent of the COVID-19 virus and the unpredictability of the long-term stability of the child care market, women bore the brunt of unpaid care for their children. Women carried a heavier load than men in providing child care during the COVID-19 crisis, even when still working.



*Some researchers and policymakers have labeled this crisis a "she-cession" in recognition of the undue burden women have faced with staggering job losses and their predominant role as family caretaker.*

The [RAPID-EC Survey](#) from the University of Oregon found that more than one in three female caregivers were forced to stop working or reduce their work hours. For women of color who are also working mothers, the situation is even worse—88% of Black and Latina mothers who stopped working during the pandemic reported that they could not afford to do so.

Women who do remain in the workforce are feeling emotional strain. A study by [McKinsey & Company](#) found that mothers were more likely than fathers to feel exhausted, burnt out and pressured to work more. Again, the situation is more dire for women of color. Compared to Black men, Black women were more likely to feel exhausted, burnt out and pressured to work more.

Women, particularly those with children, are feeling more stressed than ever. As the supply of quality, affordable child care dwindles, more may choose to leave the workforce even if they do not want to leave or cannot afford it. There are long-term cumulative consequences to leaving the workforce, including loss of wages, employment security, benefits, retirement and savings.



Without an adequate supply of high-quality, affordable child care, a large share of the American workforce may not be available to assist in the economic recovery from COVID-19. A decline in female labor force participation is not just a problem for women or families. In addition to women and their families struggling with finances, the U.S. economy also suffers.

Economists estimate that lost earnings, revenue and productivity resulting from inadequate child care costs businesses \$16 billion annually and costs U.S. taxpayers \$25 billion a year.<sup>13</sup> These numbers only tell the story of parents who are trying to juggle work and child care.

The losses when women leave the workforce are even greater. The [Council on Foreign Relations](#) estimates that increasing female labor force participation by 12% could result in an overall gain of \$2.7 trillion to the U.S. economy by 2025. This kind of economic growth would benefit all Americans. We need to increase the supply of affordable, high-quality child care so that women can continue to contribute to their families and to the U.S. economy.

### *Inadequate Child Care Costs (Annually)*



**\$16B**

BUSINESSES




**\$25B**

U.S. TAXPAYERS

## FORGING A PATH FOR NATIONAL CHILD CARE DATA

Reliable data support strategic decision-making for improved policies and family choices. Access to timely data empowers parents searching for child care providers that meet their needs and preferences. It enables advocates, policymakers and other change makers to identify critical needs and inequities, generate effective solutions, target policy proposals and investments effectively and subsequently evaluate the effectiveness of investments. Yet, child care data in the U.S. are currently siloed and inconsistently defined across various state, local and non-governmental organizations – making it nearly impossible to get a full picture of the needs and opportunities in our nation’s child care system.

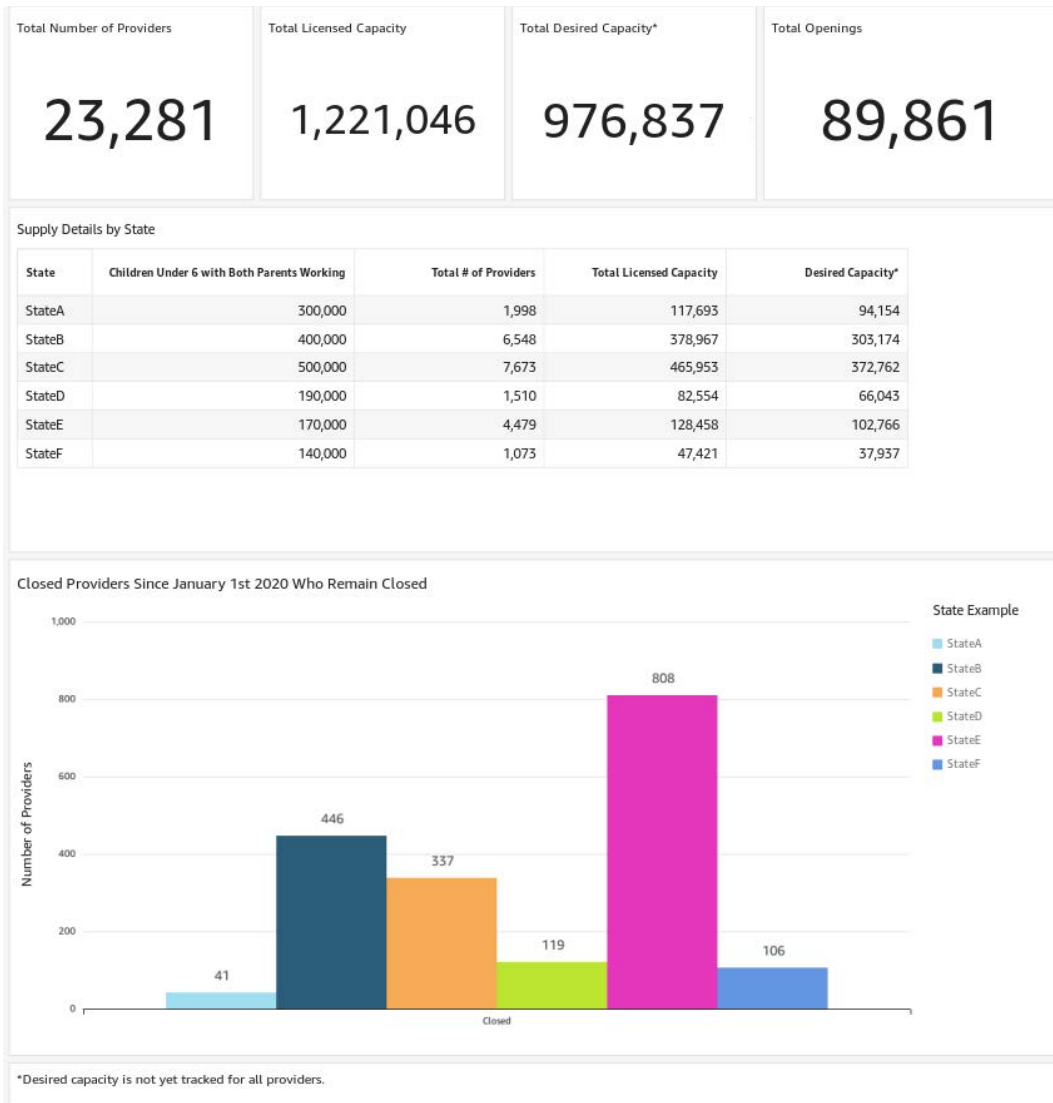


*CCAoA has over three decades of experience in gathering, analyzing and presenting data to illustrate inequities and data-informed solutions for child care. We are also leading the field in using digital technology to link disparate information networks and fill knowledge gaps.*

In 2019, CCAoA announced our partnership with WorkLife Systems (WLS) to leverage cutting-edge technologies tailored specifically to uplift the work of CCR&Rs. CCAoA’s National Data System (NDS) powered by WLS is built upon these technologies to collect cross-state provider-level supply and demand data.

Using sharing agreements, common data definitions and transactional interfaces, CCAoA is working together with CCR&Rs to bring these data to life through interactive point-in-time dashboards and advance towards our vision of data interoperability as defined in our [recent suite of papers](#).

**FIGURE 1: EXAMPLE DASHBOARD OF CHILD CARE SUPPLY DATA AS OF JANUARY 23, 2022**



Source: NDS by WLS



## SCHOOL-AGED CHILD CARE

We know that that the need for before- and after-school care is greater than the available supply. [Data](#) from the [After School Alliance](#) suggests that nearly 25 million students cannot access after school programs, with availability and expense cited as the primary obstacles to participation. Additionally, 7.7 million children are alone and unsupervised after school. The federal government provides some assistance to help families with school-aged children afford care: the Child Care & Development Block Grant (CCDBG), administered by the Department of Health and Human Services, and the 21st Century Community Learning Centers program (21CCLC), administered by the Department of Education.



# 22M

STUDENTS  
CANNOT ACCESS  
PROGRAMS




# 7.7M

CHILDREN ARE  
ALONE AND  
UNSUPERVISED  
AFTER SCHOOL

Federal child care assistance provided through CCDBG can be used to support care for school-aged children up to the age of 13, primarily through certificates parents can use at the provider of their choice. [Preliminary data](#) show that in 2019, 34% of those children benefiting from federal child care assistance were between 6 and 13 years old—roughly 470,000 of the 1.4 million children served. This age group is also the most likely to be served in a [home-based setting](#).

21CCLC provides [roughly \\$1 billion per year](#) for states to support before- and after-school care. States provide support through competitive grants to school districts or community-based organizations focused on improving academic outcomes for those students who need help the most. According to the [most recently available data](#), 21CCLC served 2 million students during the 2016-2017 school year.

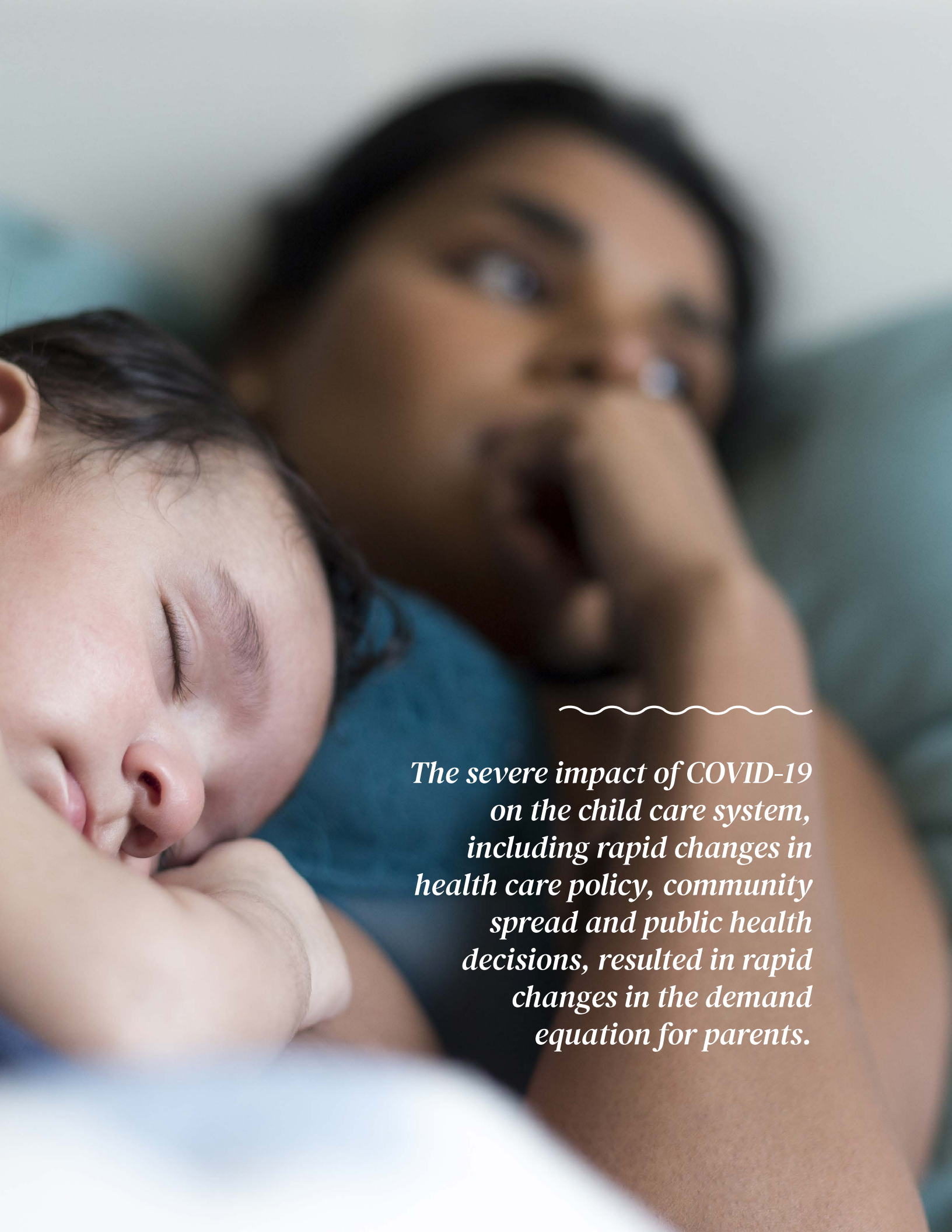
States can braid these funds together to maximize supports and services, but both existing funding for CCDBG and 21CCLC are insufficient to meet the care needs for families with school-aged children.



***That's why the Build Back Better Act is so important, as it would dramatically increase the amount of funding available for before- and after-school care for school-aged children.***

The law would shift how states spend CCDBG funding. Beginning in 2025, states would need to spend at least 90% of their funding on care for school-aged children. If current funding levels hold, that means states would have at least \$7 billion a year to support care for school-aged children. It will be critical for state and local leaders to collaborate and coordinate these two funding streams, which could be administered by different lead agencies and have different program goals and eligibility requirements.

As a next step, policymakers and interested stakeholders should begin planning for this transition in the near term so the millions of unserved families with school-aged children receive this support when these investments become available.

A close-up photograph of a woman with dark hair and a blue top, holding a sleeping baby. The baby is resting its head on the woman's hand. The woman's expression is one of concern or worry, with her hand near her mouth. The background is softly blurred.

*The severe impact of COVID-19  
on the child care system,  
including rapid changes in  
health care policy, community  
spread and public health  
decisions, resulted in rapid  
changes in the demand  
equation for parents.*



# Demand

**How many young children need child care?**

**During which hours of the day do they need child care?**

**What are parents looking for when searching for child care programs?**

**These questions can be difficult to answer, especially without timely data. We at CCAoA are the forefront of identifying, adapting and scaling innovative research techniques and data collection methods to answer these and other questions to better understand the demand for child care across the country.**

Prior to COVID-19, the standard metric for understanding the demand for child care was based on the number of parents in the labor force with children under age 6. The most common quantitative data source has been the latest five-year estimates found in [Table B23008 from the American Community Survey](#).

Using this table to approximate demand or potential parent need, researchers assume that children under age 6 with all parents in the labor force will need licensed child care while their parents are at work. Potential demand metrics like this are useful in quantifying demand because they can be easily incorporated into other analyses to, for example, examine the gap between child care supply and demand in terms of slots.

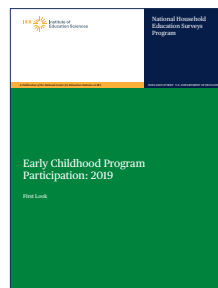
Ultimately, however, these potential demand analyses do not account for children who may be in the care of family, friends or neighbors who are often unlicensed and may not report child care capacity to CCR&Rs or state licensing agencies. They also assume that parents are working during the same time that child care programs in their ZIP code or county are open and therefore often don't account for parents who work during the early morning or night nontraditional hour shifts. They also do not account for parents needing care for children with special needs or parents that need temporary care.

By accounting for all children under age 6 with parents in the labor force, it is more difficult to account for more specific age ranges that are served by programs in a specific ZIP code or county (such as care specifically for children under 3 years old). This difficulty inspired CCAoA to expand the datasets and analyses we use to understand and convey child care supply and demand for children under 3 years old. For example, in our report entitled [Mapping Infant Toddler Supply and Demand](#), we detail three different methodologies for calculating a demand number for younger children.

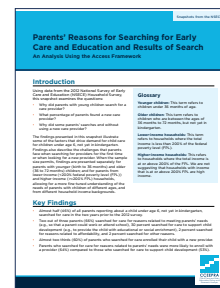
Another way to truly understand demand or need for child care is to survey parents. National surveys like the [2019 Early Childhood Program Participation \(ECPP\) Survey](#) and the [2012 National Study of Early Care and Education \(NSECE\)](#) provide rich data on the characteristics that are important to parents searching for child care.



[Mapping Infant Toddler Supply and Demand](#)



[2019 Early Childhood Program Participation \(ECPP\) Survey](#)



[2012 National Study of Early Care and Education \(NSECE\)](#)

According to these studies, almost half of parents with children under age 6 searched for care in the past two years and two-thirds of this group enrolled their child in a new program. Parents are looking for reliable, available and qualified providers. When they have difficulty finding such providers, they cite cost as the primary reason, followed by lack of slots and then location.

Research shows that there are socioeconomic and racial differences in parent demand for child care characteristics as well.<sup>14</sup> For example, a recent study of parents in Canada found that parents of color in the lowest income categories were more likely to have a strong preference for early education teachers with a bachelor's degree.<sup>15</sup>

CCAoA is building upon point-in-time data used in these and other reports to provide a fuller picture of needs and trends within child care demand over time. This approach is critical, as parent and child care provider experiences on the ground can change from day to day. The COVID-19 pandemic has fueled such rapid changes and turned our ideas about demand upside down. Health care policy, community spread and public health decisions have dramatically altered the demand for child care of families across the country.

Working parents with children under age 6 didn't or couldn't send their child to a home or center, priorities for provider characteristics shifted and while child care was important, health and safety trumped all. How do we measure demand in real time?





## **CASE STUDY: USING GOOGLE ANALYTICS TO MEASURE CHILD CARE DEMAND**

While CCAoA and other researchers have benefited from access to reliable and up-to-date child care supply data, big-data approaches to analyzing and quantifying child care demand have been limited. Innovative approaches have been developed to augment U.S. Census data with other datasets or models to reflect parental access more accurately. Ultimately, however, as described above, these Census data only represent a potential demand for child care rather than actual quantities of families actively searching for or in need of child care.

*These analyses are underpinned by the assumption that working parents need care, but that is not always the case.*

As with most data metrics, demand for child care fluctuated during and beyond 2020. The COVID-19 pandemic radically transformed the field, hastening and inflaming an already existing crisis.<sup>16</sup> This evolving landscape of different states' implementation and rollback of stay-at-home orders changed how many parents were at home at any given time.

In addition, both closed programs and the subsequent child care labor shortage upon reopening limited the potential for parents to enroll their children in child care. Given this context, a metric by which we can measure demand more frequently and in a timely manner will only enhance our understanding of the pandemic and its continued effects.

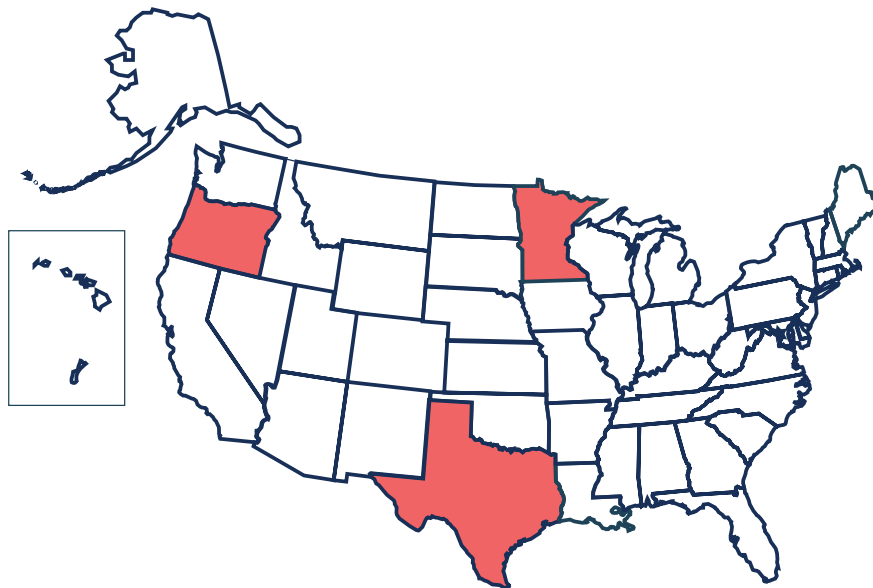
CCAoA sees significant potential in Google Trends as a way to quantify longitudinal child care demand, and we have begun innovating upon and applying this tool in local and state analyses. Google Trends has become a relatively easy and increasingly prevalent method for researchers to access big data on the popularity of topics.

In particular, CCAoA was inspired by researchers from Arizona State University who used this tool as part of a larger study examining the impact of COVID-19 and resulting stay-at-home orders on the child care market.<sup>17</sup> This research demonstrates a potential useful framework by which we can quantify child care demand intensity using Google Trends. It can be accessed free of charge and is a wide-ranging, versatile source.

Demand data are captured in Google Trends using Google Trends Interest Scores (GTIS), which are calculated as measures of search intensity on a range from 0-100 with 100 always representing the greatest search intensity given the time and geography parameters. A score of 50 demonstrates half the relative search volume as a score of 100. The more searches in the population (e.g., the entire United States), the more reliable a GTIS is. Less populous areas with correspondingly fewer searches from which to sample (e.g., South Dakota) will see more variation in day-to-day GTIS when keeping the same geography, time range and search topic consistent. This means that GTIS therefore represents relative demand, not actual demand quantified in number of searches or persons.

CCAoA began using Google Trends in early 2021. We are innovating upon existing applications of this tool by using both its temporal and spatial analysis capacities to understand child care demand trends across time and geography.

## CASE STUDY



So far, we have used this tool to examine demand in three states: **Oregon**, **Minnesota** and **Texas**. For each, we took a daily sample of GTIS for the topic of “child care” for at least 30 days. While Oregon and Minnesota saw sharp spikes in online searches the week of March 15 and sharp dips by the week of April 12, Minnesota’s spike was relatively more pronounced than Oregon’s. Both states saw summer upticks in demand that fell around the time school resumed in the fall. Each state’s data are presented with the 95% confidence interval based on the samples, meaning relative demand could have reasonably been anywhere within these ranges.

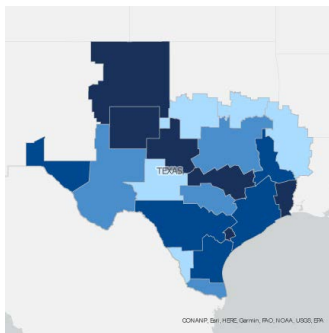
At the local level, we saw variation across these states as well. With the relative way Google presents its interest scores, these maps demonstrate patterns beyond those that would simply reflect population. In fact, the more urban media markets were often not the ones with the highest relative demand. For example, the Amarillo, Waco and Beaumont markets had relatively higher search interest than Dallas, Austin and Houston for the study period in Texas. Similarly, the Fargo, North Dakota market outpaced its Twin Cities, Minnesota counterpart.



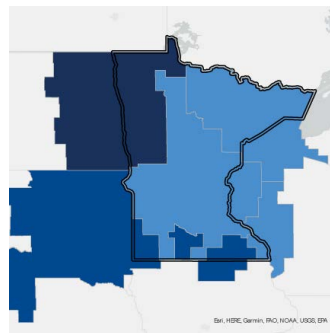
## CASE STUDY

Figures 2, 3 and 4 provide a visual of search intensity for each of these states during the study period. Darker colors indicate more searches for child care. This is a promising introduction into a specific method of using Google Trends to measure demand. CCAoA is building the capacity to scale these data collection methods to study entire areas around the country. We will continue to build on this work to better understand demand for child care. If you would like to learn more about this way of examining child care demand, please contact our [Research team](#).

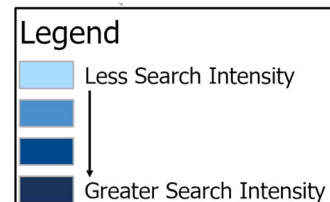
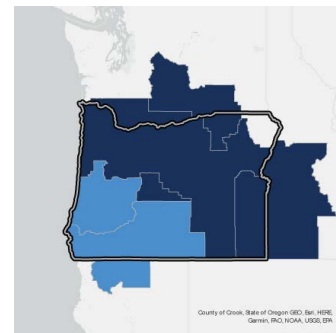
**FIGURE 2:**  
SEARCHES FOR  
CHILD CARE, TEXAS



**FIGURE 3:**  
SEARCHES FOR CHILD  
CARE, MINNESOTA



**FIGURE 4:**  
SEARCHES FOR  
CHILD CARE, OREGON





*Over the past year, child care program owners and directors have worked valiantly to find other sources of funding to keep their programs afloat without having to raise prices.*

# Affordability

**For years, CCAoA has surveyed CCR&Rs and lead agencies to find out the annual price of child care for various provider types and age groups. And each year, we report that child care continues to be unaffordable for too many families in the U.S. During the COVID-19 pandemic, the cost to provide child care has increased due to several factors, including fewer children in the classroom or FCC home and the need to purchase health and safety supplies.<sup>18</sup>**

As we will explore in the [Child Care Workforce section](#), many child care programs are struggling with staffing shortages. This impacts their ability to care for more children. So although there may be fewer staff members on the payroll, child care programs still have to pay their existing staff with less money coming in.

Child care programs need a certain number of children in order to make ends meet and pay for staffing and other expenses. The staffing shortages are contributing to a vicious cycle of increased costs. At the same time, many programs cannot raise prices for parents who are already struggling to pay the current price.



According to a recent survey of child care providers by National Association for the Education of Young Children ([NAEYC](#)), FCC homes reported higher enrollment rates than centers, but an average daily attendance rate lower than centers. This could indicate that many children in these programs are only attending part-time or sporadically. Fewer children attending full-time is having a dire impact on FCC programs' bottom lines.

**TABLE 1: ENROLLMENT AND AVERAGE DAILY ATTENDANCE, CENTERS VS. FCCS**

	Centers	FCCs
Enrollment rate, as a percentage of licensed capacity	67%	75%
Average daily attendance rate, as a percentage of licensed capacity	62%	37%

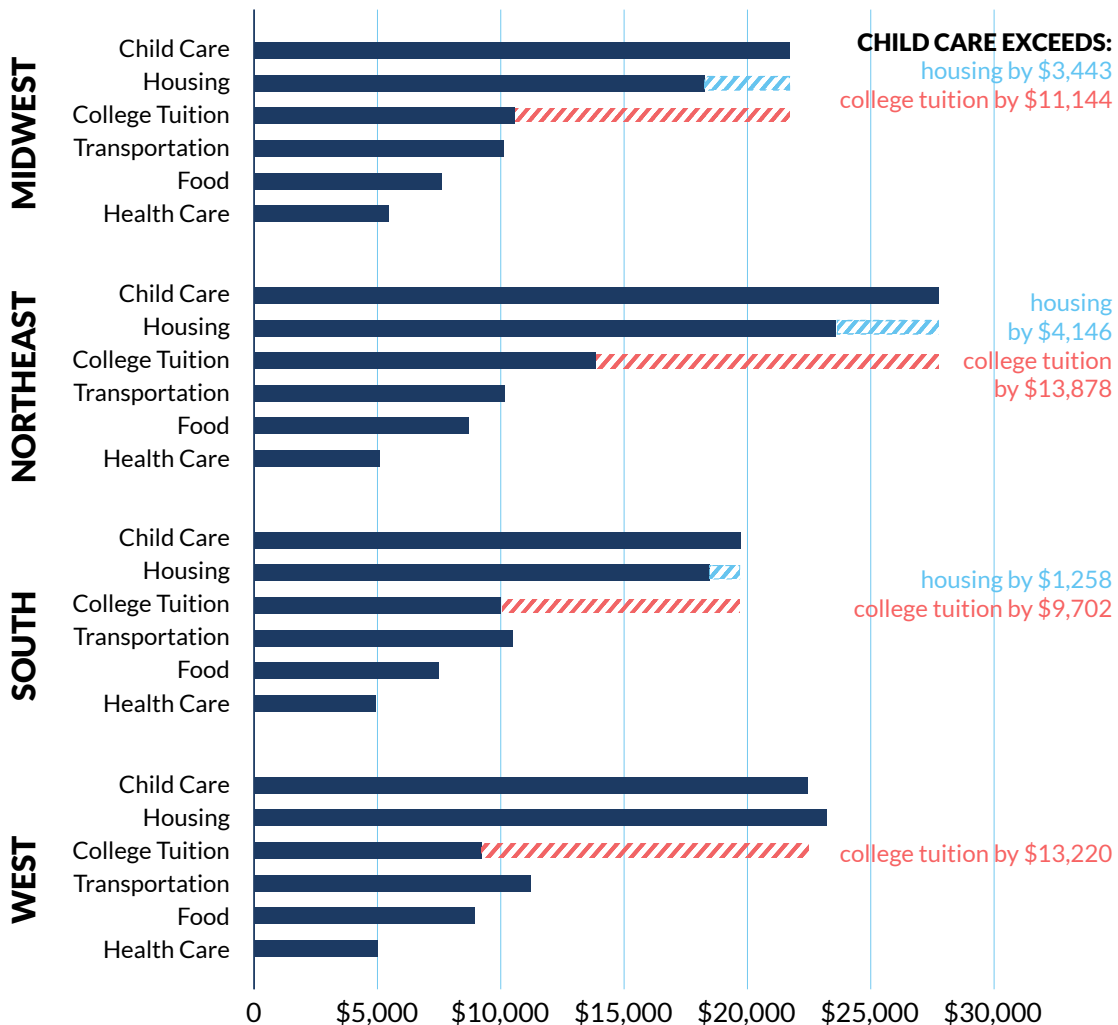
*Source: National Association for the Education of Young Children (NAEYC), Progress and Peril: Child Care at a Crossroads, July 2021.*

Many child care providers simply cannot afford to raise prices, as it may result in families who are already struggling to pay for child care leaving their programs. Over the past year, child care program owners and directors have worked valiantly to find other sources of funding to keep their programs afloat without having to raise prices. Many have benefitted from CARES Act funding and American Rescue Plan (ARP) Act funding, but it's not enough. This crisis will only worsen without significant investment to provide relief to both parents and child care providers.

Our analysis found that California was the least-affordable state for infants in center-based settings while Rhode Island was the least affordable for infants in FCC settings. On average, a married couple with an infant in California paid 16.7% of income for center-based care. In Rhode Island, FCC for a married couple with an infant would take up 11.9% of annual income. Please see our Appendices for complete rankings of states by age group and provider type.

Figure 5 provides a comparison of child care prices to other common household expenses by region. In three out of four regions, the annual price of center-based child care for an infant exceeds the cost of housing. In all four regions, the annual price of child care exceeds the annual cost of in-state tuition at a public four-year university.

**FIGURE 5: AVERAGE ANNUAL HOUSEHOLD EXPENSES BY REGION**



## CALCULATING AFFORDABILITY

In order to estimate how much families spend on child care, CCAoA calculates affordability percentages using state median income information found in Table B19126 of the 2014–2018 American Community Survey five-year estimates from the [U.S. Census Bureau](#). A summary of how affordability percentages are calculated can be found below.

Household Type**	Calculation
Married-couple families	Annual price of care ÷ Median income by state for married couple with children under age 18
Single-parent households	Annual price of care ÷ Median income by state for single female householder with children under age 18

\*\*Based on the US Census Bureau [definition](#) for married-couple families and single-parent households.

The least-affordable states for child care have the highest child care prices relative to family income. This statement does not mean that the least-affordable state had the most expensive child care, only that the price of care as a percentage of income was higher than any other state.

For example, while the average price of family child care for infants in the District of Columbia is higher than in the state of Nebraska (\$18,425 versus \$10,660), when you consider the prices in the context of median income for married couples with children, Nebraska was less affordable. This is because median income is higher in the District of Columbia than in Nebraska.

The distribution of types of child care within each state also directly shaped the affordability rankings in this report. Minnesota, for example, ranks among the 10 least-affordable states when considering the price of center-based infant care for a married couple with one child. However, this is a state where center care is rare, and family child care predominates in the child care landscape. Using family child care as the price factor in the equation, Minnesota is among the 15 most-affordable states.

## PRICE VERSUS COST

CCAoA gathers its child care price data through an annual survey of states, who source these data from its most recent market rate survey or through a database of providers that includes prices. While this is valuable information, these prices do not fully represent the true cost to provide care.

As noted by the [Bipartisan Policy Center](#), if programs were to charge families the amount that they needed to run at minimum licensing and safety standards, many families would not be able to afford it. The true cost of offering high-quality child care would be even more out of reach for parents.

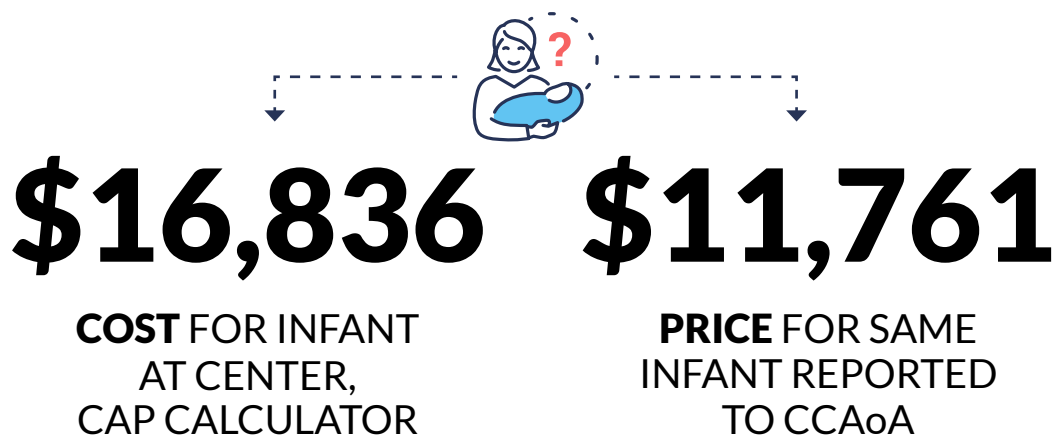
For example, hiring more classroom teachers to reduce the teacher-child ratio beyond minimum licensing would be very costly for a program. This situation puts child care providers in a situation where they need to find additional sources of funding such as grants or risk operating at a loss.





Simply put, there is a difference between price and cost. The following example illustrates this difference. The [Center for American Progress](#) released an updated Cost of Child Care calculator, which estimates the true cost for providers meeting minimum licensing standards and how those costs change when different quality indicators are added.

In Delaware, this calculator estimated **cost** to provide care for an infant in a center meeting basic licensing standards is \$1,403 per month (or \$16,836 per year). The **price** reported to CCAoA for an infant in a center in Delaware was \$11,761 per year. This difference between estimated cost and price was seen in every state. Either way, the point is the same—child care is unaffordable for most families.




If the Build Back Better Act becomes law, participating states would be required to use a cost estimation model or cost study rather than a market rate survey to establish child care subsidy reimbursement rates. Moving away from market rate surveys toward cost modeling methodologies would ensure that child care providers are getting fairly reimbursed for the valuable education they are providing young children.

It will also shed light on the continued need for public investment in child care, which can make child care more affordable for families while allowing providers to remain in business.

## NATIONAL PRICE ESTIMATES

Each year, CCAoA generates state-based rankings by affordability—the amount of median household income it would take to cover the average price of child care in that state. In response to multiple requests for a national price of child care, we have attempted these calculations for the past two years. We report three approaches for child care prices for an infant and a 4-year-old in center-based and family child care homes. We discuss each methodology in more detail below. We have not included school-age prices at this time because of the enormous variability in this dataset across the country.



***We generally do not recommend using a national average of child care prices, and particularly not as a standard of comparison with any state’s average prices of child care.***

It is important to understand the following caveats when considering a national average price for child care. Each year, extraordinary efforts are involved in making sure that each state is represented accurately; our team works very closely with CCR&R agency staff to ensure that data is collected as uniformly as possible. However, each state’s child care landscape is nuanced and unique; distinctive differences are lost when attempting to calculate a national average. We generally do not recommend using a national average of child care prices, and particularly not as a standard of comparison with any state’s average prices of child care.

Despite these reservations, we are reporting these price estimates in response to demand for a national average. We developed three methodologies that take into account such factors as number of slots by age group and number of programs, which could affect the price of child care in states. An explanation of each methodology, along with calculations are below.

	METHOD #1		METHOD #2		METHOD #3	
	Center	Home	Center	Home	Center	Home
Infant	\$12,304	\$9,075	\$12,375	\$9,890	\$12,377	\$9,974
4-year-old	\$10,001	\$8,192	\$9,731	\$9,095	\$9,715	\$9,036
Average	\$11,152	\$8,633	\$11,053	\$9,493	\$11,046	\$9,505
Overall Average	\$9,893		\$10,273		\$10,276	

**Methodology #1: “Average of Averages.”** The first methodology is simply an average of averages. This method does not take into account either care type or the number of child care spaces reported by states. This method completely ignores any differences between states, even at the most fundamental level.

**Methodology #2: “Average of Space-Weighted Averages.”** The second methodology is an average weighted by the number of licensed child care spaces reported by state for each age group.

However, for our survey, not all states reported capacity by age group and program type. In those instances, ratios of each capacity by age group or by program type were applied accordingly to approximate the number of spaces by age group and program type.

Using these calculated estimates for the number of spaces by age group and program type, average prices were weighted and compiled to produce the overall average.

**Methodology #3: “Average of Program-Weighted Averages.”** In the third methodology, we calculated an overall average by weighting state child care price averages by the number of programs by type (i.e., centers, family child care homes). The average price of child care, by age group, was weighted by the number of programs, by type, reported by each state. Most states reported the number of programs incorporated into their average child care prices, so this method required much less approximation for comparable weighting.

None of the above methods is foolproof or ideal for determining one number that would accurately describe how unaffordable child care is for families across the country. Though the three methods produce similar numbers, none of them provides the clarity needed to understand this complex social problem. Prices of a service like child care must be understood in the context of household income, by state and by regions within states.



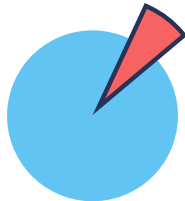


## WHAT IS THE TAKEAWAY?

When examining the overall average of each methodology (both provider types, infant and age 4), we are left with a national annual average price of around \$10,174. Without the context explained above, this does not mean much, particularly in a child care landscape that varies so dramatically from state to state.

However, if you take those figures and compare them to the national median income for married couples with children under 18, you can determine it would take more than 10% of household income to cover the child care prices for one child. That is well above the U.S. Department of Health and Human Services (HHS) recommendation that the price of child care be no more than 7% of household income. For a single parent, this would be 35% of household income.

### *Percent of Household Income Allotted to Child Care*



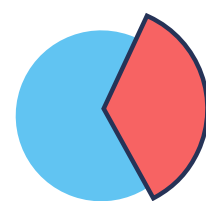
**<7%**

RECOMMENDED  
BY U.S. DEPT.  
OF HEALTH  
AND HUMAN  
SERVICES



**>10%**

OF MEDIAN  
INCOME FOR  
A MARRIED  
COUPLE FAMILY



**>35%**

OF MEDIAN  
INCOME FOR A  
SINGLE PARENT

## CHILD CARE PRICES AND INFLATION

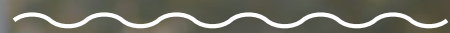
To provide additional context for increasing child care prices, a comparison to rates of inflation is useful. Table 2 shows that for the past two years, the price of child care has exceeded the annual inflation rate. In 2019, child care prices exceeded the inflation rate slightly (0.12%). However, in 2020, these prices exceeded annual inflation by nearly 4%. Families already struggling to afford child care are finding that it is more expensive than ever, and their wages are not keeping pace with price increases.

**TABLE 2:** COMPARISON OF NATIONAL AVERAGE CHILD CARE PRICES TO ANNUAL INFLATION RATES

Year	Average Child Care Price	% Increase over Prior Year	Annual Inflation Rate**	Price Increase Rate Minus Inflation Rate
2017	\$9,397	--	--	--
2018	\$9,504	1.14%	2.4%	-1.26%
2019	\$9,687	1.92%	1.8%	+0.12%
2020	\$10,174	5.03%	1.2%	+3.83%

\*Source: National average price calculations based on CCAoA annual survey data

\*\*[Inflation Rate Source](#)



*Although demand for child care is growing as parents return to work, child care staffing shortages are preventing programs from caring for more children.*

# Child Care Workforce

**The child care workforce is facing its biggest crisis yet. In May 2018, the average wage for a child care professional in a center was \$11.83 per hour, or \$24,610 per year.<sup>19</sup> By May 2020, wages had barely moved, with a child care professional in a center earning an average of \$12.24 or \$25,460 annually.<sup>20</sup> According to the Bureau of Labor Statistics (BLS), the number of child care professionals in centers dropped from 564,630 to 494,360.<sup>21</sup>**

A study from Louisiana found that those who worked in private child care programs were more likely to leave the sector entirely compared to those who taught in public pre-K or Head Start programs.<sup>22</sup> Infant and toddler teachers are also more likely to leave the field entirely when compared to those who taught preschool-age children.<sup>23</sup>

FCC providers face their own set of challenges that may contribute to leaving the field. In a recent study, FCC providers described feelings of isolation and being underpaid. They often find taking time off for family issues is especially challenging as they do not have substitute staff.

Finally, these providers described the stress associated with playing multiple roles in their program (educator, accountant, custodian, nutritionist, nurse, social worker, etc.).<sup>24</sup> Child care professionals from all settings are underpaid and rarely get the respect they deserve.

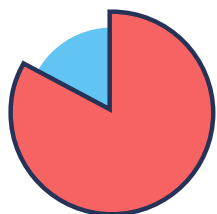


COVID-19 only worsened these existing challenges. There is growing evidence that the child care workforce will continue to shrink due to the stresses brought on by COVID-19. Over 370,000 child care professionals were laid off or lost their jobs in the early days of the pandemic.<sup>25</sup> The child care workforce has only recovered to 84% of pre-pandemic levels—from 1.03 million in November 2019 to 867,200 in December 2020.<sup>26</sup>

Although demand for child care is growing as parents return to work, child care staffing shortages are preventing programs from caring for more children. In July 2021, the [NAEYC](#) released updated results from its survey of child care providers. Four out of five center-based survey respondents reported that they are experiencing staffing shortages.

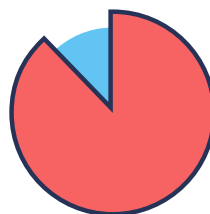
Furthermore, 83% of respondents from minority-owned programs and 88% of respondents working in programs that serve families needing financial assistance reported staffing shortages. These shortages result in longer waitlists, reduced operating hours and fewer children served.

### *Percent of Programs Reporting Staffing Shortages*



**83%**

MINORITY-  
OWNED  
PROGRAMS



**88%**

PROGRAMS  
SERVING  
FAMILIES THAT  
NEED SUBSIDIES

## CASE STUDY: RAPID-CC SURVEY

Since April 2020, the University of Oregon has been surveying families with children under age 6 twice per month in order to understand how they are coping with the COVID-19 pandemic. The [RAPID-EC survey](#) has provided valuable insights into the challenges that families are facing and how they are coping with this pandemic. In May 2021, the team created RAPID-CC, a similar survey for child care providers. A national sample of child care providers is asked to complete the survey every two weeks. The initial findings of the [RAPID-CC survey](#) were published in July 2021. Some key findings are:



Around 33% of child care providers reported suffering a material hardship during the COVID-19 pandemic. These hardships could be related to food, housing or utilities.



The researchers found that child care providers who reported more material hardships were more likely to report mental distress.



One in four child care providers surveyed reported that they work more than one job.

The RAPID-CC team will continue to recruit child care providers for this survey in order to get a better understanding of how they are coping in these unprecedented times. CCAoA is proud to partner with the University of Oregon to assist with their recruitment efforts. The university has generously allowed CCAoA to have access to its preliminary datasets.

Hearing what child care educators have to say and understanding their struggles is crucial for any child care policy to be successful. One question from the RAPID-CC survey asks: *What would you like your elected officials or other policymakers (for example, U.S. Congress, state and local leaders) to know about how your family is doing or what you need during this time?* Because this is a longitudinal survey, respondents may have answered this question multiple times over the course of several months. To avoid skewing the results, we only included one comment per respondent. This resulted in a total of 1,556 comments.

During our review of comments, we identified seven key themes that child care providers touched on the most: **Federal Funding, Wages, Respect for the Profession, Stress, Staffing Recruitment Crisis, Benefits** and **Financial Aid**.

These themes are listed below, along with examples.



### FEDERAL FUNDING

The child care business has suffered tremendously, and we need help. Many providers have closed or will have to close without financial assistance.

Child care is a cost-heavy business. Cost-cutting cannot safely be done through staff reduction and parents can't afford the true cost of quality. Caregivers have been subsidizing this industry throughout its history.

It's time for our government and the business world to support the system.



### WAGES

Child care employees typically don't make enough money to live.

More money. We are paid less than McDonald's and children's lives are in our hands.



### **RESPECT FOR THE PROFESSION**

Child care providers were asked to stay open and accept children of essential workers so THEY can attend work and care for COVID-19 patients. Yet, we were not thanked, not acknowledged, not compensated. We risked our own family, home, and life by allowing children and parents with unknown illnesses/germs into our home in an effort to save someone else.

We selflessly gave our time over the course of the coronavirus and it felt unappreciated. It felt as though we were to provide care for people doing the “important work,” but without care providers, no one could do the “important work”.

Child care is the most underpaid and undervalued profession, but it is so critical for children to have quality people caring for them!



### **STRESS**

It’s been a tough two years, dealing with illness, families, and finances

I’m in dire straits financially. I’ve already used up my savings and extra to pay bills and keep the program running even though my kids counts are down and I don’t want to close the daycare.





### **STAFFING RECRUITMENT CRISIS**

We need incentives to keep employees/gain qualified staff.

We can't hire people because we can't afford to pay them what they want.



### **BENEFITS**

We need paid sick leave in order to take care of ourselves or our children who are sick.

We need health insurance for an affordable price.



### **FINANCIAL AID**

(E.G., GRANTS TO PROVIDERS)

Provide financial assistance to child care providers outside of small business loans.

The child care grants have been business saving.

Table 5 provides a summary of how many respondent comments aligned with each of the themes that we identified.

**TABLE 5: SUMMARY OF COMMENTS BY THEMES**

Theme	Number of Comments	Percent of Total Comments
Federal funding	311	29%
Wages	281	26%
Respect/acknowledgement	192	18%
Stress	127	12%
Staffing recruitment crisis	111	10%
Benefits	101	9%
Financial aid/grants to providers	99	9%

For most of these themes, no significant differences were found between center-based and FCC providers. For example, the same percentages of both provider types made comments that aligned with the “Respect” theme (28% each). The only major difference was in the theme of staffing. Center-based providers were more likely than FCC providers to identify staffing as an issue (16% versus 4%). This is unsurprising, as FCC providers are less likely to hire staff for their programs.

These results clearly indicate that child care providers are struggling immensely. They want their legislators to know how hard they worked throughout the pandemic, often with no recognition or significant assistance. They fear for the future of their programs and their families’ livelihoods.

*They are crying out for help and we need to listen.*

## CASE STUDY

Child care providers deserve a living wage and access to benefits such as health insurance and paid time off. They are responsible for molding the minds of the youngest and most vulnerable members of our society. Many of them have years of experience, along with degrees in early childhood education. Yet, they are often considered merely “babysitters” who are underpaid and disrespected.

Without them, our economy would suffer tremendously. Child care is essential for working families to continue paying the bills. Businesses need child care in order to retain its workforce and continue to earn profits. State and local governments, along with the federal government, need child care for the economy to recover.

Most importantly, child care is essential to our young children. The educational, social and emotional foundations that they receive from child care programs can set the trajectory for their future success—in school and in life.

It’s time to stop paying lip service to the child care workforce and start giving them the financial and emotional support they need in order to get America’s future off to a great start.



## **CASE STUDY: ENROLLMENT-BASED VERSUS ATTENDANCE-BASED SUBSIDY REIMBURSEMENT—A SUPPORT FOR STRUGGLING CHILD CARE PROVIDERS**

During the COVID-19 pandemic, many states implemented new policies about how child care subsidy reimbursements were paid to providers in an effort to keep the industry's capacity afloat. They shifted from basing subsidy reimbursements on attendance (how many children providers served on a given day) to basing them on how many children were *enrolled* in a program.

*Typically, enrollment numbers are higher than attendance because children can be absent (not attend) for a variety of reasons, such as illness or vacation.*

The switch from attendance- to enrollment-based subsidy reimbursements helped stabilize the child care sector, preventing it from a pandemic-induced collapse. Had these policies not been implemented, closed providers would have received none of the vital subsidy revenue they depended upon during the summer of 2020 because they had no children in attendance (or a significantly reduced number of children served due to local requirements for social distancing).

In August 2020, CCAoA partnered with New America to examine the impact of the CARES Act COVID-19 relief funding on the child care system, particularly in instances in which CARES-based subsidies were paid to providers based on their on-the-books enrollment rather than the through-the-door attendance as they had been pre-pandemic. To accomplish this, CCAoA and New America identified partners that could provide data case studies in two areas where this attendance-to-enrollment subsidy payment shift occurred: [Strategies for Children](#) in Massachusetts and [Child Care Resource Center](#), a Child Care Resource and Referral agency that serves Los Angeles and San Bernadino Counties in California.



## CASE STUDY

At the outset of the pandemic, Massachusetts only allowed emergency providers to remain open. To provide support to many child care providers forced to close in the initial months, the commonwealth provided payments for the number of subsidy-receiving children as of March who were enrolled in their programs. These payments were made regardless of actual child attendance through June 2020. Then, providers were required to reopen at some point in July to continue to receive these subsidy reimbursements by March enrollment.

Beginning in August, providers who did reopen were required to update their records by confirming with parents the enrollment status of their children. In California, the state recommended nonessential child care providers close for the first 30 days of the pandemic and delinked subsidy reimbursements from attendance for children with variable care schedules to fund this. After this time, providers were required to reopen to continue to receive the enrollment-based funds.



CCAOA received data from January 2015 to September 2020 from Southern California at aggregate levels and January 2018–August 2020 from Massachusetts at the provider level concerning number of children served and subsidy dollars (funded in part by money allocated by the CARES Act) paid in each system. The providers included in each state’s dataset were those that were reimbursed by the state for subsidies on an attendance basis pre-pandemic and then switched to an enrollment-based subsidy reimbursement plan during the pandemic (starting in March 2020). And while the COVID-19 pandemic has altered many variables previously taken for granted, this shift in subsidy reimbursement format allows us to clearly compare the two systems in two case studies.

## CASE STUDY

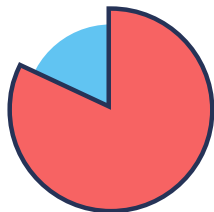
For each location, we explored the impact of reimbursing subsidy-accepting child care providers by enrollment rather than attendance during the COVID-19 pandemic. We studied the impacts on number of children enrolled, number of providers accepting subsidies, and the amount of payments received. We also studied whether reimbursing providers based on enrollment prevented providers from closing permanently.

Through a CCAoA analysis of longitudinal data from both Massachusetts and Southern California, we found that while the number of subsidized children dropped from March to August of 2020, subsidy payments to providers remained at or slightly above pre-pandemic levels.

Critically, we also observed a strong retention of the subsidy market: In Massachusetts, **82%** of the total market that accepted subsidies in January and February of 2020 accepted them in July and August, indicating that **most providers were able to reopen**. In Los Angeles and San Bernardino Counties, the market retained **95%** of its total subsidized provider capacity from the pre-pandemic months to August of 2020. **FCC programs** did especially well here, with a **99%** market retention rate.

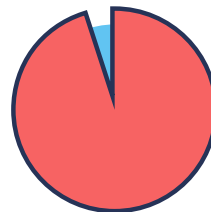
~~~~~

### *Percent of the total market that accepted subsidies that were able to remain open*



**82%**

IN  
MASSACHUSETTS



**95%**

IN LOS ANGELES AND  
SAN BERNADINO  
COUNTIES

## CASE STUDY

We also assessed with an Autoregressive Integrated Moving Average (ARIMA) statistical model that these inter-pandemic subsidies reflected what status-quo attendance-based payments would have been in 2020 for both areas had the pandemic not occurred. Ultimately, our findings make a strong argument that both Southern California and Massachusetts' switch from an attendance-based payment system to an enrollment-based reimbursement platform during the COVID-19 pandemic stabilized the markets in both areas during an otherwise turbulent economic time.

Furthermore, given the policy implications, we sought to predict how much it would cost to make this change from enrollment to attendance-based subsidies permanent in our case studies. For all children in Massachusetts and children with variable schedules in Southern California, we:



Projected into the future the cost of maintaining the attendance-based pre-pandemic status quo by using the historical data for attendance-based subsidies; and




Used the results of our ARIMA model to calculate the difference between the pre-pandemic cost of paying providers by attendance and the projected future cost of a policy switch that would pay these providers by enrollment.

Crucially, this policy switch made a difference for providers nationwide during the pandemic and is even being considered as a pathway forward post-pandemic.

In an episode of the podcast [A Seat at the Table](#), host and CCAoA CEO Lynette M. Fraga, Ph.D. talked to Deloris and Patrick Hogan, the New York-based child care providers featured in the documentary [Through the Night](#). She asked them what a reimagined, transformed child care system should look like. The response was unequivocal: pay child care subsidies by enrollment, not attendance. “We have staff that we still have to pay for the full day,” Patrick said. “We can’t call our electric company and ask for a discount because little Johnny went to the doctor for two hours.”

They noted that their county made this policy switch during the pandemic, and providers were grateful to finally receive this funding that would have been beneficial well before 2020. Through several conversations with providers and CCR&R administrators in 2021 about their experiences during the pandemic and their state’s successes or failures in implementing an enrollment-based subsidy system, we consistently heard praise from those whose states had made the shift.



***However, for some states, the stability of their fledgling enrollment-based subsidy system has ebbed and flowed depending on the status of relief funds.***

Not knowing for how long this policy will be extended has caused financial uncertainty for providers, as one provider from West Virginia articulated in CCAoA’s recent online symposium, [A New Way Forward](#), “Pay based on enrollment made child care directors and providers realize how much better things could be, but we need some commitment that it’s going to stay there. Right now, our state is going month to month, so there’s this constant dread of, ‘what if [the funding] ends? What if they take that back, and we sink?’” Some states have already switched back to an attendance-based system, and stakeholders in those states reported the unfortunate consequences.



## CASE STUDY

A CCR&R administrator in Illinois where this switchback occurred said that they are now seeing “a significant decrease in enrollment across the board in all early childhood programs (i.e., subsidy, early intervention, home visiting, state-funded pre-K)” and that “enrollment is down about a 1/4 to a 1/3 of what it was pre-pandemic level.”

A Wisconsin stakeholder noted how such a switchback in her state was very difficult for both providers due to the administrative hassles (e.g., more paperwork, more difficult budgeting and fewer resources to carry on providing services) and for families due to the disruption of care and the decrease of affordability of care.

Some states like [New York](#) and [Maine](#) are beginning to realize the necessity of reducing this uncertainty to enhance the stability of the subsidy system by moving forward with more long-term policies. The Department of Early Education and Care (EEC) in Massachusetts [will continue](#) to pay providers based on enrollment rather than attendance as of January 2022.

[Utah](#) has notably taken a significant step in their long-term planning efforts by passing legislation in March 2021 to pay providers based on enrollment until 2023. [More states should consider](#) prioritizing funds to [restructure provider reimbursement policies](#) so they are based on enrollment for a greater length of time or, even better, made permanent. As Patrick Hogan anecdotally noted on the podcast, “if Westchester [County] can [pay by enrollment] now during the pandemic, they should be able to do it all the time.”

We recognize that while the switch to an enrollment system is a step in the right direction for the child care industry, it is not the ultimate reform. Stakeholders from many states like Nebraska, Wisconsin, Missouri and Kansas expressed frustration with the implementation of enrollment systems during the pandemic because of low reimbursement rates or inefficient bureaucratic administration of the system.



As a Massachusetts provider reminded us, this single switch is not the panacea to an industry that has been critically underfunded for years: “How many programs are hanging by a thread? Even though, some...programs reopened, that is not the case for others.” States could introduce even more stability into their systems by reimbursing child care centers on a per-classroom basis. For FCC programs, this could entail contracts for individual child care slots. This would further accurately reimburse providers based on the full cost of providing care and the work they actually do and realize the total work they do to provide care for subsidized children.


However, our data analysis from Massachusetts and California alongside these other examples from around the country do show that the switch from an attendance to an enrollment-based subsidy reimbursement system helped stabilize the market during COVID-19 and is a good step forward into a more well-funded future. Critically, policies fortifying subsidy systems are proving to be worthwhile public investments in the critical social infrastructure of child care. More subsidy dollars infused into accepting providers’ businesses improves the services they provide to all the children they serve regardless of whether or not they are subsidy-eligible.

Now, as states begin to consider the distribution of funds from the American Rescue Plan and as Congress considers next steps to help rebuild child care, states have a crucial opportunity to think about what policies are most effective in supporting providers, children and their families both now and (especially) in the future.

A key way to address long-term, transformative change in the process of recognizing the child care industry as a sustainable, essential and critical industry in the United States is to [rethink existing child care payment structures](#) and delink reimbursement rates from attendance and instead base them on enrollment.

# Conclusion

**While the child care system endured many challenges this past year as a result of the COVID-19 pandemic, the passage of the Build Back Better Act would bring historic new federal investments and the promise of change for families and providers across the country.**



For decades, child care has remained unaffordable and inaccessible for too many American families. Those responsible for providing child care and early education to young children have been undervalued as demonstrated by continued low wages and lack of benefits.

As a result, more and more are leaving the field entirely, exacerbating an existing staffing crisis nationwide. The much-needed assistance from the federal government in the form of the CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act, and the ARP Act was a critical first step for the system to recover from the challenges brought on by COVID-19.

However, the Build Back Better Act would address the fact that families and providers across the country need a substantial and lasting transformation to both the child care and early learning system. Now is the time to get to work and repair our child care system so that it works for all families.

# Endnotes

- 1 Schilder, D., Willenborg, P., Lou, C., Knowles, S. and Jaramillo, J. “Comparing potential demand for nontraditional-hour child care and planned policies across states”. (July 2021). Urban Institute. Retrieved from: <https://www.urban.org/sites/default/files/publication/104601/comparing-potential-demand-for-nontraditional-hour-child-care-and-planned-policies-across-states.pdf>.
- 2 Bhusal, S., Blumenberg, E., and Brozen, M. “Access to child care in Los Angeles County: Recent trends and COVID-19 implications”. (2021). Lewis Center for Regional Policy Studies, UCLA. Retrieved from: <https://escholarship.org/content/qt1rd639b8/qt1rd639b8.pdf>.
- 3 Zhang, Q., Sauval, M., and Jenkins, J.M. “Impacts of COVID-19 on the child care sector: Evidence from North Carolina”. (March 2021). EdWorkingPaper:21-371. Annenberg Institute at Brown University. Retrieved from: <https://edworkingpapers.org/sites/default/files/ai21-371.pdf>.
- 4 Salzwedel, M., Liebman, A., Kruse, K., and Lee, B. “The COVID-19 impact on childcare in agricultural populations”. (2020). Journal of Agromedicine, 25:4, 383-387.
- 5 Davies, C., Hendry, A., Gibson, S.P., Gliga, T., McGillion, M., and Gonzalez-Gomez, N. “Early childhood education and care (ECEC) during COVID-19 boosts growth in language and executive function”. (2021). Infant and Child Development, Retrieved from: <https://doi.org/10.1002/icd.2241>.
- 6 Charles McCoy, D., Yoshikawa, H., Ziol-Gues, K.M., et al. “Impacts of early childhood education on medium- and long-term educational outcomes”. (2017). Educational Researcher, 46:8, 474-487.
- 7 The Heckman Equation. “Research summary: The lifecycle benefits of an influential early childhood program”. (2016). Retrieved from: <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/>.
- 8 National Scientific Council on the Developing Child. “Young children develop in an environment of relationships, Working paper 1”. (2004). Center on the Developing Child, Harvard University. Retrieved from: <https://developingchild.harvard.edu/wp-content/uploads/2004/04/Young-Children-Develop-in-an-Environment-of-Relationships.pdf>.
- 9 Jenkins, J.M., Duer, J.K., and Connors, M. “Who participates in quality rating and improvement systems?”. (2021). Early Childhood Research Quarterly, 54, 219-227.
- 10 Desilver, D. “Rising cost of child care may help explain recent increase in stay-at-home moms”. (2014). Pew Research Center. Retrieved from: <https://www.pewresearch.org/fact-tank/2014/04/08/rising-cost-of-child-care-may-help-explain-increase-in-stay-at-home-moms/>.
- 11 Bateman, N. and Ross, M. “Why has COVID-19 been especially harmful for working women?” (October 2020). Brookings Institute. Retrieved from: <https://www.brookings.edu/essay/why-has-covid-19-been-especially-harmful-for-working-women/>.



Endnotes, *continued*

- 12 Fins, A. “Women in leisure and hospitality are among the hardest hit by job losses and most at risk of Covid-19 infection”. (November 2020). National Women’s Law Center. Retrieved from: <https://nwlc.org/wp-content/uploads/2020/11/LeisureFS.pdf>.
- 13 Belfield, C.R. “The economic impacts of insufficient child care on working families”. (September 2018). Ready Nation. Retrieved from: <https://strongnation.s3.amazonaws.com/documents/522/3c5cdb46-eda2-4723-9e8e-f20511cc9f0f.pdf?1542205>.
- 14 Herbst, C.M., Desouza, K.C., Alashri, S., Kandala, S.S., Khullar, M., and Bajaj, V. “What do parents value in a child care provider? Evidence from Yelp consumer reviews”. (August 2018). IZA DP No. 11741. IZA - Institute of Labor Economics. Retrieved from: <https://www.iza.org/publications/dp/11741/what-do-parents-value-in-a-child-care-provider-evidence-from-yelp-consumer-reviews>.
- 15 Davidson, A.M., Burns, S., Hampton, D., White, L., and Perlman, M. (2021). “Policy frameworks and parental choice: Using conjoint analysis to understand parental decision making for child care”. (2021). Journal of Family Issues. Retrieved from: <https://doi.org/10.1177/0192513X211022386>.
- 16 Carson, J. and Mattingly, M. “COVID-19 didn’t create a child care crisis, but hastened and inflamed it”. Carsey School of Public Policy, University of New Hampshire and the Federal Reserve Bank of Boston. Retrieved from: <https://carsey.unh.edu/publication/child-care-crisis-COVID-19>.
- 17 Ali, U., Herbst, C.M., Makridis, C.A. “The impact of COVID-19 on the U.S. child care market: Evidence from stay-at-home orders”. (2021). Economics of Education Review, 82. Retrieved from: <https://doi.org/10.1016/j.econedurev.2021.102094>.
- 18 Workman, S. and Jessen-Howard, S. “The true cost of providing safe child care during the Coronavirus pandemic”. (2020). Center for American Progress. Retrieved from: <https://www.americanprogress.org/issues/early-childhood/reports/2020/09/03/489900/true-cost-providing-safe-child-care-coronavirus-pandemic/>.
- 19 U.S. Bureau of Labor Statistics. “Occupational employment and wage statistics, 39-9011 - Childcare workers”. (May 2018). Retrieved from: <https://www.bls.gov/oes/tables.htm>.
- 20 U.S. Bureau of Labor Statistics. “Occupational employment and wage statistics, 39-9011 - Childcare workers”. (May 2020). Retrieved from: <https://www.bls.gov/oes/current/oes399011.htm>.
- 21 U.S. Bureau of Labor Statistics (May 2018 and May 2020). Occupational Employment and Wage Statistics. Analysis of national data tables, total employed as childcare workers (39-9010). Retrieved from: <https://www.bls.gov/oes/tables.htm>.
- 22 Bassok, D., Markowitz, A.J., Bellows, L., and Sadowski, K. “New evidence on teacher turnover in early childhood”. (2021). Educational Evaluation and Policy Analysis, 43:1, 172-180.
- 23 Ibid.

**Endnotes, *continued***

- 24 Herman, E.R., Breedlove, M.L., and Lang, S.N. "Family child care support and implementation: Current challenges and strategies from the perspectives of providers". (2021). *Child & Youth Care Forum*, 50, 1037-1062.
- 25 Ewing-Nelson, C. "One in five child care jobs have been lost since February, and women are paying the price". (2020). National Women's Law Center. Retrieved from: <https://nwlc.org/wp-content/uploads/2020/08/ChildCareWorkersFS.pdf>.
- 26 Malik, R. "Saving child care means preserving jobs and supporting working families and small businesses". Center for American Progress. Retrieved from: <https://www.americanprogress.org/issues/early-childhood/news/2021/01/13/494450/saving-child-care-means-preserving-jobs-supporting-working-families-small-businesses/>.



*#DemandingChildCareChange*

[childcareaware.org](http://childcareaware.org)