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Five Reasons Stabilizing Child Care During the Coronavirus Pandemic is Critically Important for Families and the Economy

Child care is an essential part of our economy, preparing children for the future and enabling parents and caregivers to work, all while employing a large workforce. However, years of disinvestment have created a precarious system that is now on the verge of collapse in the face of the coronavirus pandemic. The impact of the pandemic on child care has already been extensive—from fully closed programs, to programs operating to meet the needs of essential workers, to those trying to stay open with reduced enrollment while doing everything they can to ensure that the children and staff remain healthy—the system is struggling to survive. It is now more important than ever to invest in child care to ensure that, when we come out on the other side of all of this, all families who need it are able to find high-quality affordable child care and the essential contribution of child care workers is valued.

The information below will highlight five important points that should be at the heart of the economic recovery discussion:

- **The country needs child care, especially to weather and recover from an economic downturn. Child care is an essential support that helps parents and caregivers enter and stay in the workforce.**
- **Without significant support now, the child care industry will not be able to survive this crisis and will struggle to bounce back, leaving families and communities at a loss.**
- **Child care is an essential part of racial, gender, and economic justice. If child care businesses go under, it is women—and especially women of color—who will pay the price.**
- **Child care isn't just about supporting the economy—it provides critical stability for children's health and wellbeing that is essential during uncertain times such as these.**
- **Fewer child care programs after the pandemic will have implications for both parents' choices as well as the ability to find culturally competent care.**

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- Child care plays an essential role in our economy.
    - More than 2 million paid teachers and caregivers work in child care in the U.S., caring for tens of millions of young children.
    - The child care industry not only generates billions of dollars in its own revenue, but because child care supports many other businesses, these benefits spill over. The Committee on Economic Development (CED) estimates that the industry's spillover (output) in other industries is an additional $52.1 billion.
- Just like transportation, child care is a critical work support.
    - And just like we expect trains and buses to be running to help move the economy when we get back to work, we need child care to be there, too.
    - Without child care, families with children would be unable to go back to school, attend job training programs to secure a new career, or re-enter and stay in the workforce.

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- Child care businesses operate on very thin profit margins and most programs rely—in part or in whole—on private tuition to keep their doors open.
    - In the midst of the coronavirus crisis, many programs' primary source of revenue is being rapidly depleted because parents who are losing jobs and facing economic hardship themselves cannot afford to pay. In a recent survey of more than 5,000 child care providers, respondents report that less than 25 percent of enrolled families are continuing to pay tuition during the crisis. Most programs do not have other built-up cash reserves to help them survive a closure.
    - A recent survey of over 5,000 providers showed that nearly half of respondents are already completely closed, 17% are closed to everyone except children of essential personnel, and 3% of the remaining programs are operating without modified rule. The ability of these programs to reopen is in question.
- Many programs were in precarious financial positions even before the pandemic, both because parents cannot afford higher tuition and because public funding for child care is grossly inadequate.
    - On average, families with children under age 5 already spend 10 percent of their household income on child care expenses each year. For families with household incomes below 200 percent of the federal poverty level, child care costs account for more than one-third of total expenses. Providers simply can't raise tuition without pricing the vast majority of parents seeking care out of the market.
    - Moreover, public funding for child care is inadequate. Current spending on the Child Care and Development Block Grant (CCDBG)—the largest federal source for child care assistance—is sufficient to serve just one out of six children eligible for federal child care assistance, and Asian American and Latinx families are especially underserved. Payment rates for providers that serve children receiving assistance are far below recommended levels in most states.
- The structure of how child care businesses operate means you cannot simply turn "on" and "off" supply.
    - Child care is a labor intensive business. As such, one of the largest start-up and ongoing expenses for child care programs is staffing—salaries and benefits of workers in the program. This expense is also the most critical for the success of the business. Programs need well-trained educators to care for children and they

typically need to maintain certain teacher-child ratios in order to meet state licensing requirements and stay in business.

    - If a program is closed and does not have revenue coming in, they will need to furlough or lay off their teachers, shrinking the supply of teachers and other staff. Low pay—the median child care worker makes just $11.17 per hour—lack of workplace benefits, and other factors may make it difficult to bring furloughed or laid-off teachers back or attract new staff when providers need to re-open. Without staff—the most essential piece of a child care business—providers will not be able to re-open their doors and serve children as the economy rebounds.

- In addition, other child care program expenses—like rent/mortgage payments and liability insurance—do not decrease significantly when providers are closed. Without revenue coming in, programs may not be able to cover these expenses and could close down altogether.

Child care is an essential part of racial, gender, and economic justice. If child care businesses go under, it is women—and especially women of color—who will pay the price.

- Women, disproportionately women of color and immigrant women, make up 93% of the child care workforce. The economic security and livelihood of these women will be jeopardized if we do not shore up the child care providers who employ them or their own child care businesses that they operate.

- Access to child care increases labor force participation, especially for women. Research shows that mothers are more likely to work when they have access to stable child care and have help affording it. For example, the U.S. Department of Health and Human Services (HHS) study showed that increasing CCDBG spending would significantly increase the labor force participation and employment rates of low-income working mothers.

- Child care is a necessity for all parents and caregivers, but especially for more than 21 million working mothers, who are more likely to be primary caregivers than fathers.

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- In the midst of the coronavirus and the trauma that is being visited upon children, the ability for them to return to a loving, nurturing setting with trusted adults is essential, as caregiver stability is crucial for child development and well-being.
    - A study by UNC's Frank Porter Graham Child Development Institute found that disruptions in child care negatively affect children's social development as early as age 4.

Fewer child care programs after the pandemic will have implications for both parents' choices as well as the ability to find culturally competent care.

- Even before the pandemic, child care was in short supply. More than half of Americans—51 percent—live in neighborhoods classified as child care deserts (areas with an inadequate supply of licensed child care). Families' choices will only be more limited if programs fail to reopen.

- This has particular implications for families who already have a more difficult time finding care that meets their unique needs—including children with disabilities and dual language learners—and families living in communities where child care is in short supply, including Latinx families and children living in rural areas.
    - A study of child care deserts suggests that nearly 60 percent of the Latinx population live in areas with an undersupply of licensed child care prior to the epidemic.

- Parents seeking child care for children with disabilities face numerous barriers to care, including a lack of available openings, scheduling challenges, and concerns about quality. Additionally, child care for children with disabilities is harder to find compared to care for children without disabilities.
- Finding and training providers who are able to provide culturally competent care that meet the needs of the population they serve—from speaking the same language to understanding cultural practices—is already an incredibly difficult task especially with low provider payment rates.

Failure to invest in keeping child care programs financially solvent during the pandemic—whether the providers are closed or open—will have implications for parents' ability to find and afford care as we rebound from this crisis. Without investment in providing immediate relief to the sector, we risk not having a system to come back to, which will hamper our recovery. This is why it's essential that lawmakers provide at least $50 billion in dedicated funding to stabilize the child care industry, providing relief to providers who are closed, resources and supports for providers who remain open, care for children of essential workers, and financial relief to families.

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