

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

NAWRS Virtual Event Series

Thursday, September 29, 2022



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# About NAWRS



Lauren Antelo, Administration for  
Children and Families, NAWRS  
Virtual Conference Co-Chair

*a little about...*

## NAWRS



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

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- Most brain development occurring in a person's life happens in their first few years
- 11 million children younger than age five are in some type of child care arrangement. On average, these children spend 36 hours a week in child care (Child Care of America, 2021)
- Child care is an economic driver because it allows parents of young children the opportunity to work

# Structural Barriers of Child Care Market

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

## ➤ Limited access to child care and child care deserts

❑ Many communities face shortages of licensed quality child care including families living in rural areas.

## ➤ Limited non-traditional hours child care

❑ Over one-fifth of parents with children under age 13 work nonstandard schedules (Urban Institute, 2015)

- Striking decline in the number of providers accepting children with child care and Development Block Grant (CCDBG) subsidies.
- ❑ Between FY 2008 and FY 2019, the number of providers accepting children with CCDBG subsidies has declined by 60 percent, with only 244,055 providers accepting children with CCDBG subsidies in FY 2019
- ❑ The largest decline has been among family care providers (a decline of 67 percent compared with just 18 percent among center-based providers



# National Annual Estimate of Child Care (Child Care Aware America, 2021)



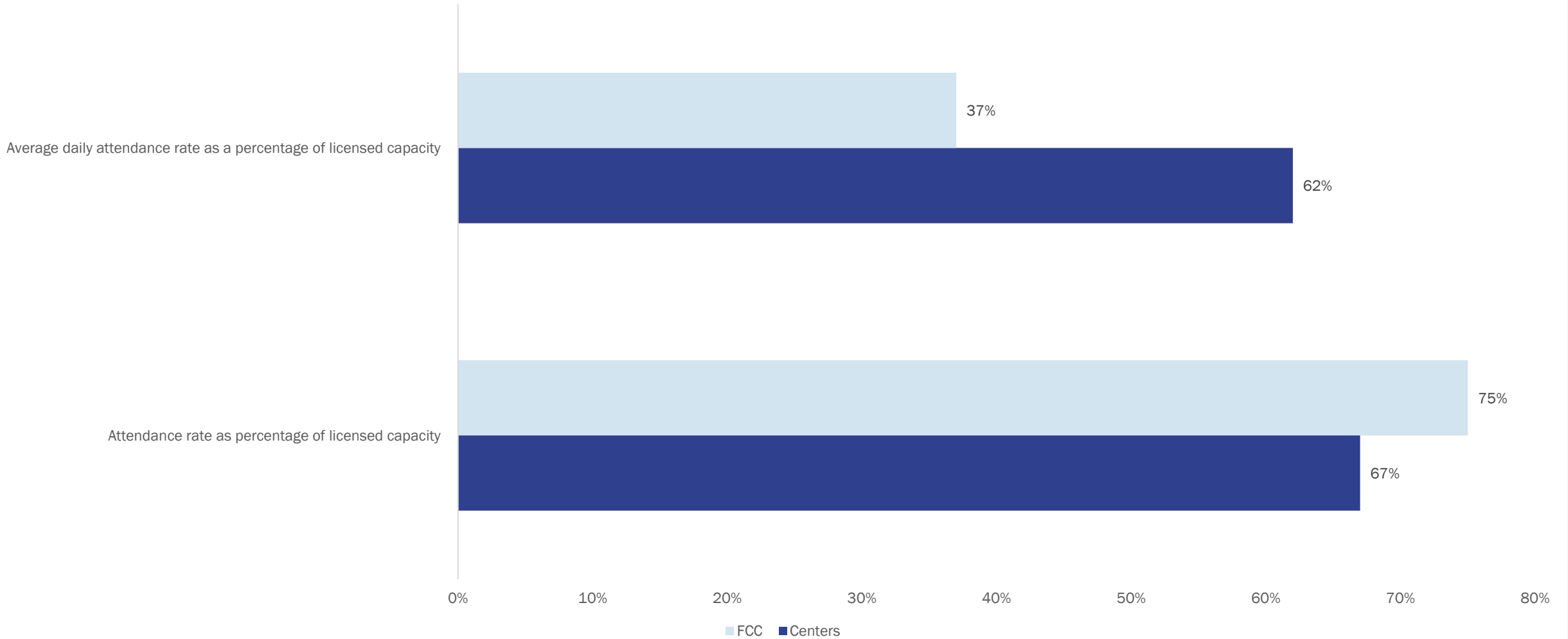
	Center	Home
Infant	\$12,377	\$9,974
4 year old	\$9,715	\$9,036
Average	\$11,046	\$9,505
Overall average	\$10,276	

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



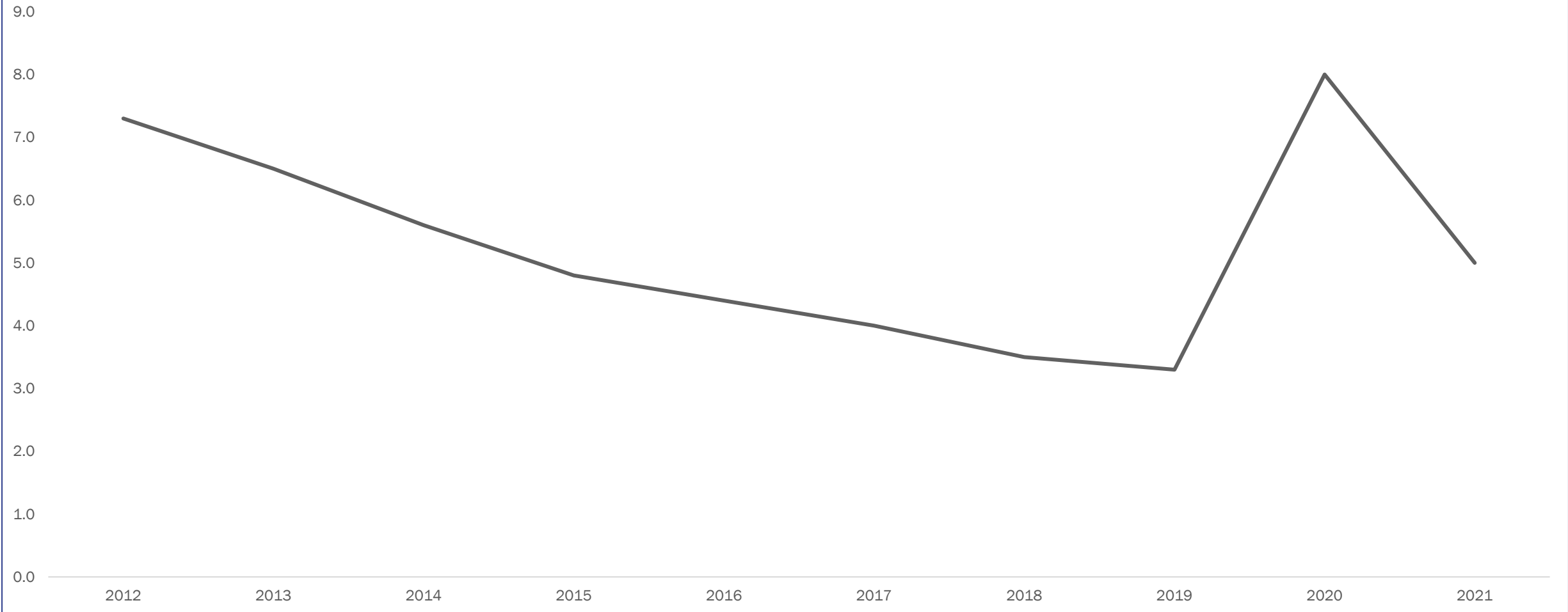
# Pandemic and child care market

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

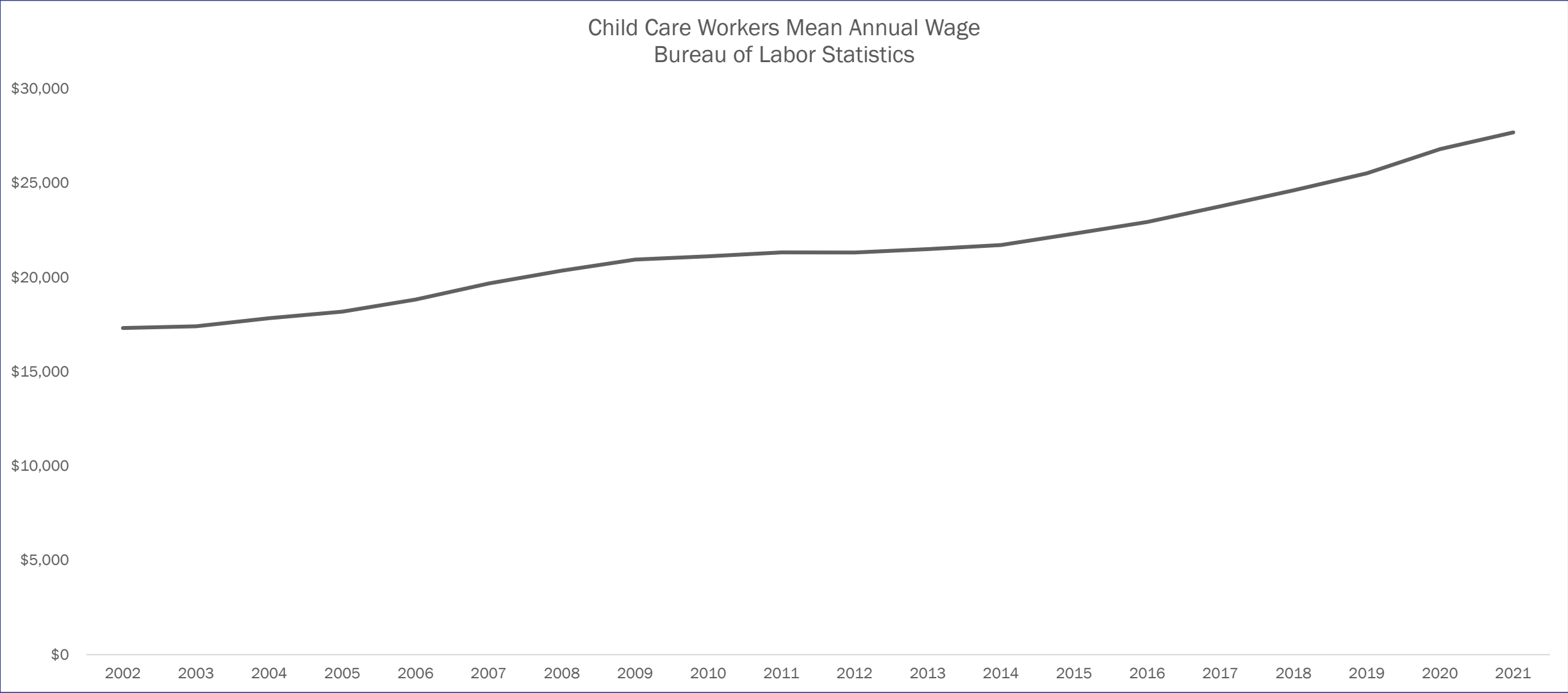


# Pandemic and Women Workforce Participation

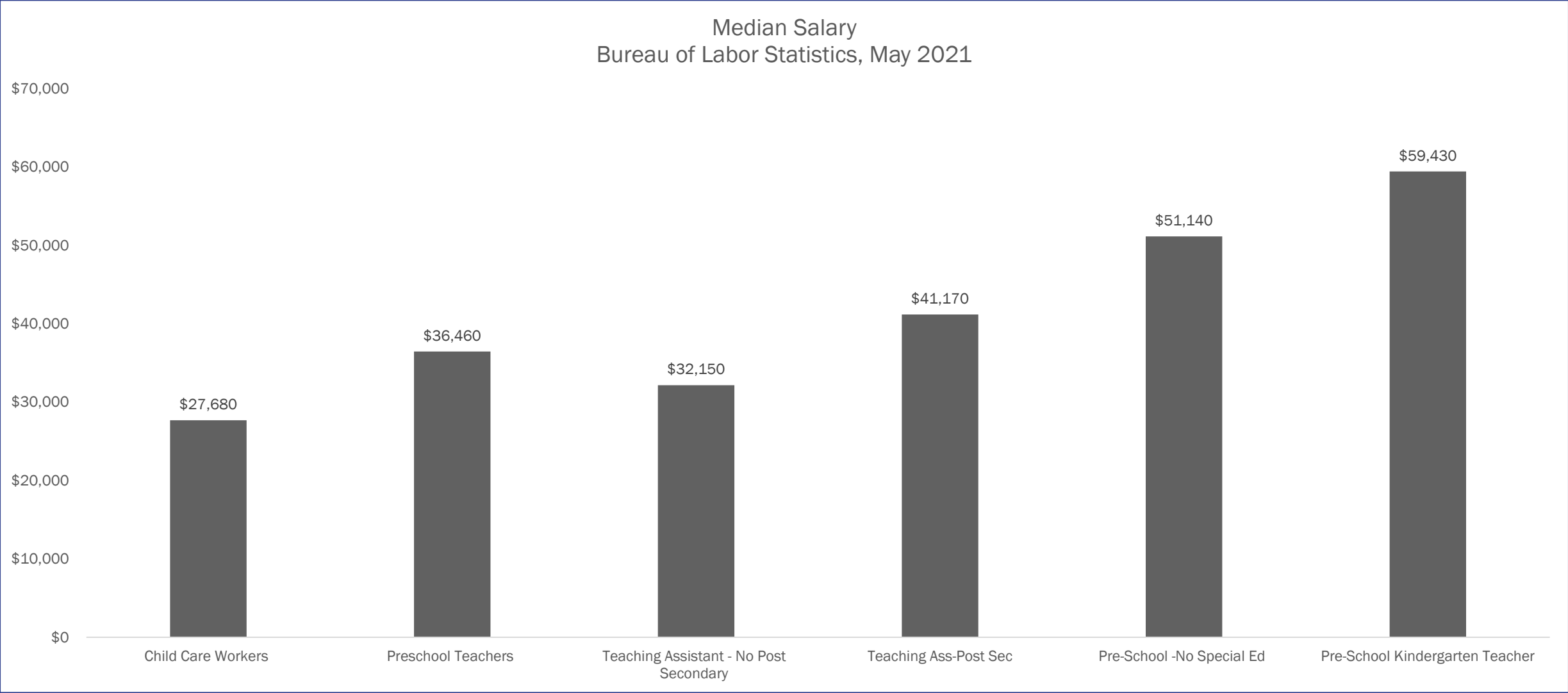
Women Unemployment Rates  
Current Population Survey (2012-2021)



# Child Care Workers Annual Wages (2001-2021)



# Child Care and Other Related Fields Earnings



Washington State Early Childhood Education Career and Wage ladder

[The Early Childhood Education Career and Wage Ladder - Economic Opportunity Institute Economic Opportunity Institute](#)

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

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

# Overview and Goal

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

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



# Understanding our public child care investment

- Primary federal investment is through the Child Care and Development Fund (CCDF)
- Funding mostly helps parents purchase child care in their communities, small amount supports quality and supply activities
- In 2019, funding roughly \$11 billion, served about 2 million children
- Today's comments focus on what system looked like pre-pandemic
- Many pandemic-era policy and funding changes were very important, but were short-term/time limited, a lot of uncertainty about what will happen moving forward in terms of funding, policy, demand, etc.
- But overall parameters likely to still be in effect, relevant for these questions

# What the subsidy system is accomplishing

- In an average month in 2019, 2 million children were in child care paid for fully or partially by the CCDF
- Their parents were able to use child care they wouldn't otherwise be able to afford, allowing them to work, look for work, or attend education/training
- 250,000 providers received payments to care for children who likely would not otherwise be able to enroll – only source of public funds for many
- Research has shown clear impacts of subsidies on maternal employment and child poverty for those who receive them; also important in supporting ability of some providers to stay in business
- Critically important program for the millions of children and families it is serving, and provides essential resources for the providers that serve them

# The challenges the subsidy system faces in addressing the overall child care crisis

- Funding only available to serve one in six of those eligible (out of 52.5 million children ages 0-12, only 12.5 million eligible under federal rules, and only 2 million served)
- Result: child care quality and cost largely driven by private market, limited by what parents can pay
- Market doesn't support more expensive care (i.e. quality, infants and toddler care), or care that doesn't have concentrated or stable demand
- CCDF funding helps parents *access* the existing market and supports some providers in the existing market, but not enough to fundamentally *change* the overall market
- Likely to have more impact where funds concentrated or targeted, but only as long as investments are sustained

# Unpacking how the subsidy system works, and for whom

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

# A VIRGINIA EXAMPLE OF FINANCIAL INCENTIVES FOR EARLY EDUCATORS

Molly Michie

Study of Early Education through Partnerships at the University of Virginia

September 29, 2022



# **The Effects of Financial Incentives on Teacher Turnover in Early Childhood Settings: Experimental Evidence from Virginia**

*Daphna Bassok, Justin B. Doromal, Molly Michie, & Vivian C. Wong*



# VIRGINIA'S TEACHER RECOGNITION PROGRAM PILOT

- In 2019, Virginia used almost \$3 million in federal Preschool Development Grant funds to pilot an innovative early childhood incentive to support early educators, reduce turnover, and improve learning opportunities for children
- \$1,500 financial incentives
- Tied to retention at a *specific* PDG site
- Any early childhood educators (teachers, assistant teachers, aides, staff)
- Working directly with children 0-5, 30+ hours per week

# AN OPPORTUNITY TO LEARN

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

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

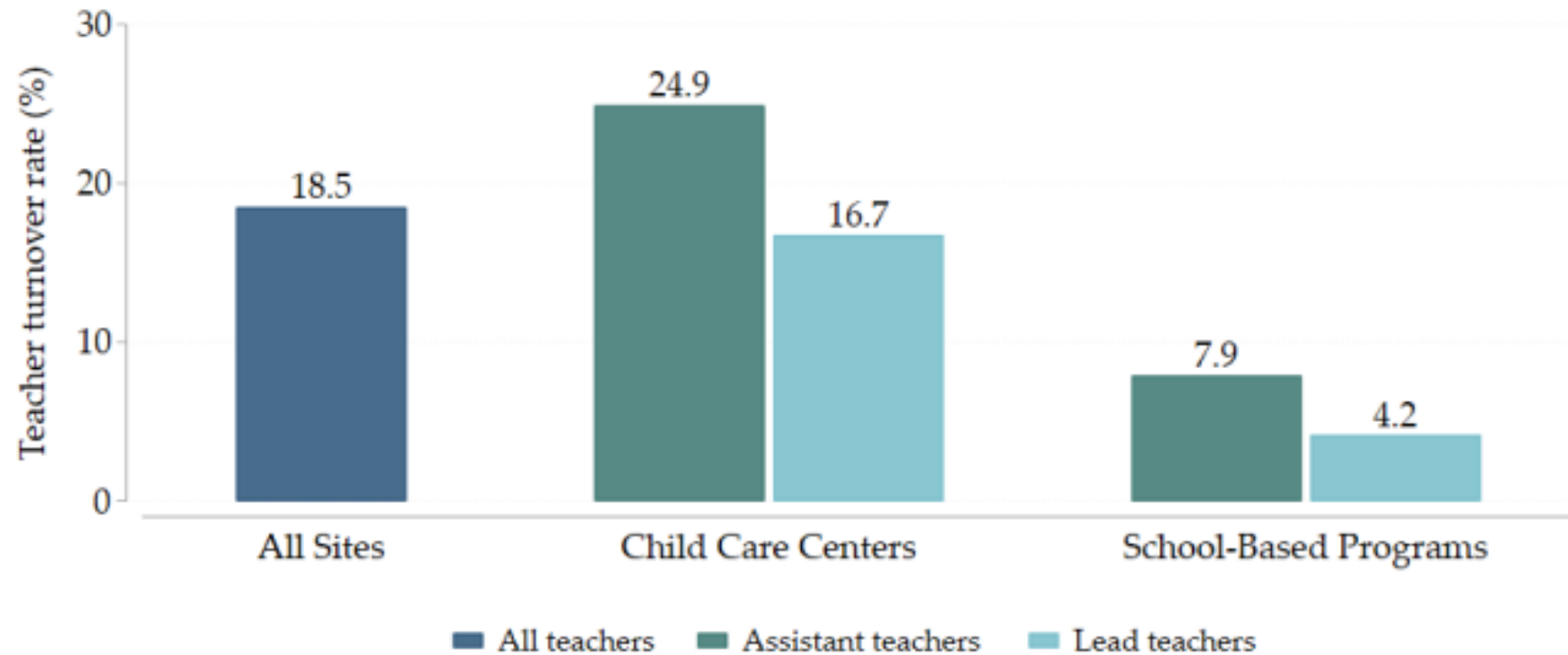
- **What is the impact of the financial incentives?**

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

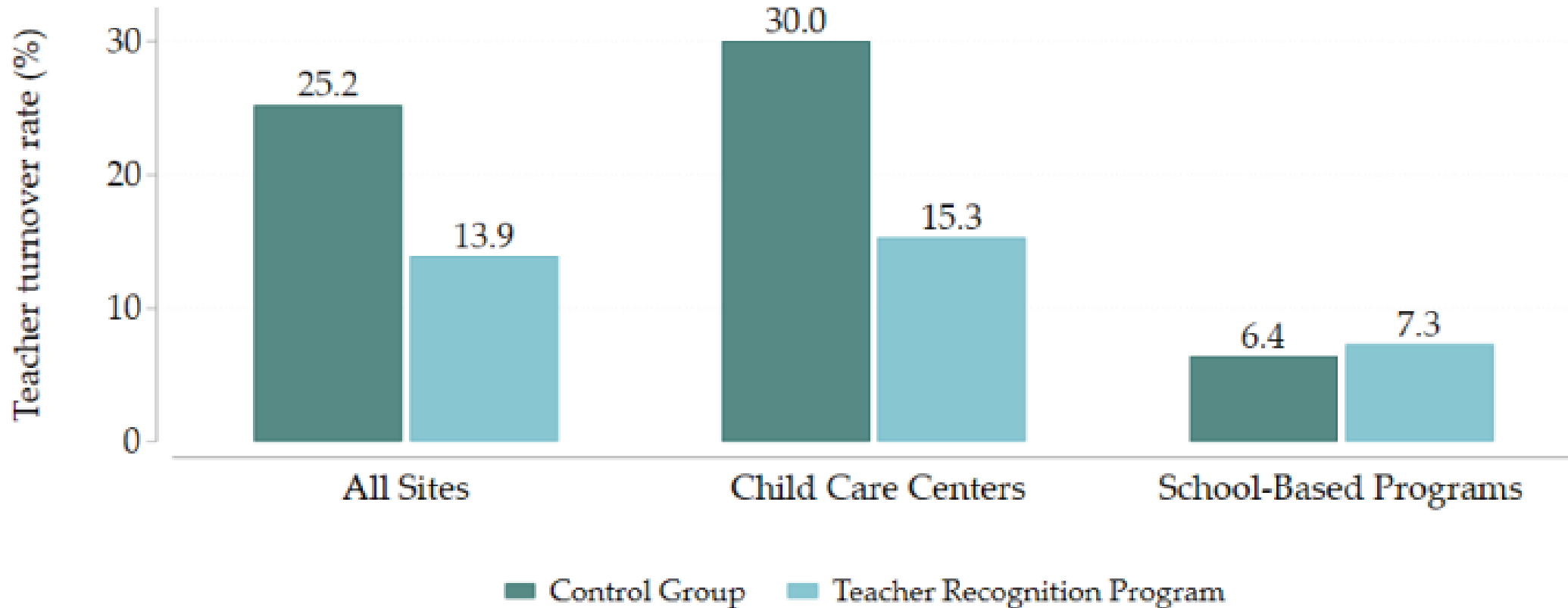
# PARTICIPATING TEACHERS' CHARACTERISTICS VARIED BY SECTOR AND ROLE

Variable	All teachers	<u>Child Care Centers</u>		<u>School-Based Programs</u>	
		Assistant teachers	Lead teachers	Assistant teachers	Lead teachers
Number of teachers	568	237	245	38	48
<i>Race/Ethnicity</i>					
Black, not Hispanic	19%	19%	22%	13%	8%
Hispanic or Latino	24%	28%	25%	24%	4%
White, not Hispanic	26%	17%	24%	39%	71%
Other/two or more races	31%	36%	29%	24%	17%
Age (in years)	42.0	39.8	42.3	49.9	42.7
ECE experience (in years)	10.5	7.7	12.1	13.2	11.6
Has at least a Bachelor's degree	47%	35%	47%	41%	100%
Estimated annual earnings (\$)	38,496	30,670	36,042	32,601	70,487
Healthcare from site	82%	83%	75%	100%	98%

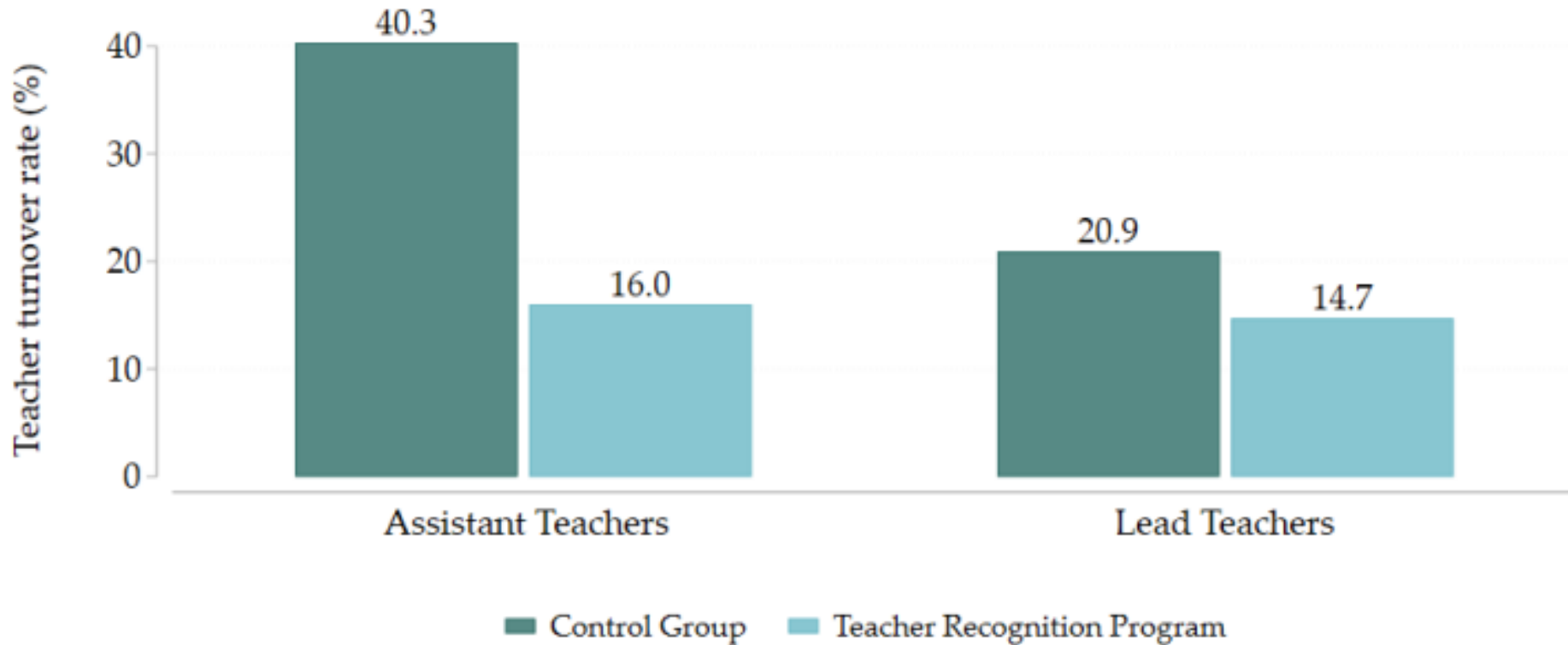
# OVERALL TURNOVER IS HIGH, PARTICULARLY AT CENTERS AND FOR ASSISTANT TEACHERS



# THE RECOGNITION PROGRAM CUT TURNOVER IN HALF AT CHILD CARE CENTERS



# WITHIN CENTERS, ASSISTANT TEACHERS WERE MOST IMPACTED





# RECIPIENT TEACHERS SHARED...

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

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

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

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

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

"The money we received through the grant made me feel more valued for what I do, and hopeful that our government can work towards seeing educators as real professionals who hold an important position in our society."

# THE RECOGNITION PROGRAM SINCE 2019 (RECOGNIZE B5)

- Based on 2019 findings, the state has since concentrated resources on center- and home-based teachers as the program expands across the state
- Increasing amount over time:
  - \$2,000 for 2020-2021 and 2021-2022
  - \$2,500 for 2022-2023
  - \$3,000 for 2023-2024
- Aiming to support and retain teachers with direct payments as they work towards sustainable systems for higher salaries

# RESOURCES

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Our [brief](#) summarizing these findings

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[VDOE's Recognize B5 info flyer](#) and [impact map](#)

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To learn more about our team's work:

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[www.see-partnerships.com](http://www.see-partnerships.com)

# Selected Resources

- Chien, [Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2019](#). Office of Assistant Secretary for Planning and Evaluation, HHS, 2022.
- Adams and Pratt, [Assessing Child Care Subsidies through an Equity Lens: A Review of Policies and Practices in the Child Care and Development Fund](#). Urban Institute, 2021.
- Adams and Hahn, [Seven Ways States Can Make Child Care Subsidies More Accessible and Equitable](#). Urban Institute, 2022.
- Adams and Dwyer, [Child Care Subsidies and Home-Based Child Care Providers: Expanding Participation](#). Urban Institute, 2021
- Adams, Luetmer, and Todd, [Using Child Care Subsidy Payment Rates and Practices to Incentivize Expansions in Supply](#). Urban Institute, 2022.
- Schilder, Adams, Wagner, Lou, and Willenborg, [What Child Care Arrangements Do Parents Want during Nontraditional Hours? Insights from Parents in Connecticut, the District of Columbia, and Oklahoma](#). Urban Institute, 2022.