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**WHY  
CHILDCARE  
IS AN  
“EVERYONE”  
ISSUE**

# THREE DIMENSIONS OF CHILDCARE

- 1. Cost** (varies widely and highly dependent upon the age of the child, the type of provider chosen, licensing requirements, and overall cost of living)
  - As costly as college tuition for families in many states
  - In 2019 in Montana, the average annual cost of infant center-based care was 131.7% of the cost of tuition and fees at a 4-year Montana College
  - Center-based infant care was 15.6% of state median income
- 2. Quantity** (Access or amount of slots and type of slots available)
- 3. Quality** (linked to a child's social, cognitive, and language development) (two-dimensions)
  - Children's experience measures (interactions of empathy, exposure to materials/content, continuity of care, etc.)
  - Structural measures (ratios, group size, provider education/licensing, etc.)

# ECONOMIC IMPACTS

- Childcare enables all other work – similar to infrastructure
  - Researchers estimate that if investments in Childcare had been made in conjunction with investments in physical infrastructure, they could have yielded twice as many new jobs as latter investments alone
- Of OECD (Organization for Economic Co-operation and Development) countries, the US spends the least amount of public funds as a % of GDP, ranking in the bottom five
- All OECD Countries except for the US offer nation-wide paid maternity leave
  - Over half offer paternity leave to fathers
- Childcare contributes economically:
  - Directly as an industry with business activity and jobs
  - Indirectly:
    - 1.) to labor force participation and,
    - 2.) enhances the quality of the workforce through education and training

## Sources:

1. OECD. "PF3.1 Public Spending on Childcare and Early Education."
2. Committee for Economic Development. "Child Care in State Economies: 2019 Update."

# CHILDCARE AS A BUSINESS

- Many businesses are sole-proprietors
  - Q1 2022 Montana had 506 establishments,
  - Employing 3,279 individuals,
  - 2021 Average Annual Wage was \$20,688
- Home-based childcare is the most affordable, but frequently limited by HOA regulations
  - Evidence shows a recent decline in home-based care
  - Federal Reserve Bank study shows factors contributing to a decline include: cost of care outpacing subsidy growth, aging home-based care workforce, costs of meeting healthy and safety regulations, and a providers seeking higher-paying employment elsewhere

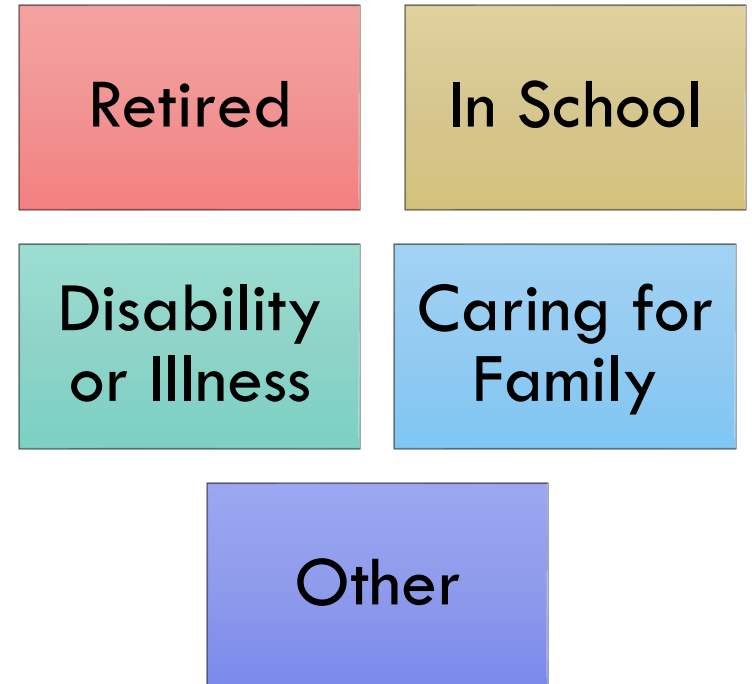
# LABOR FORCE PARTICIPATION

Labor Force Participation Rate =

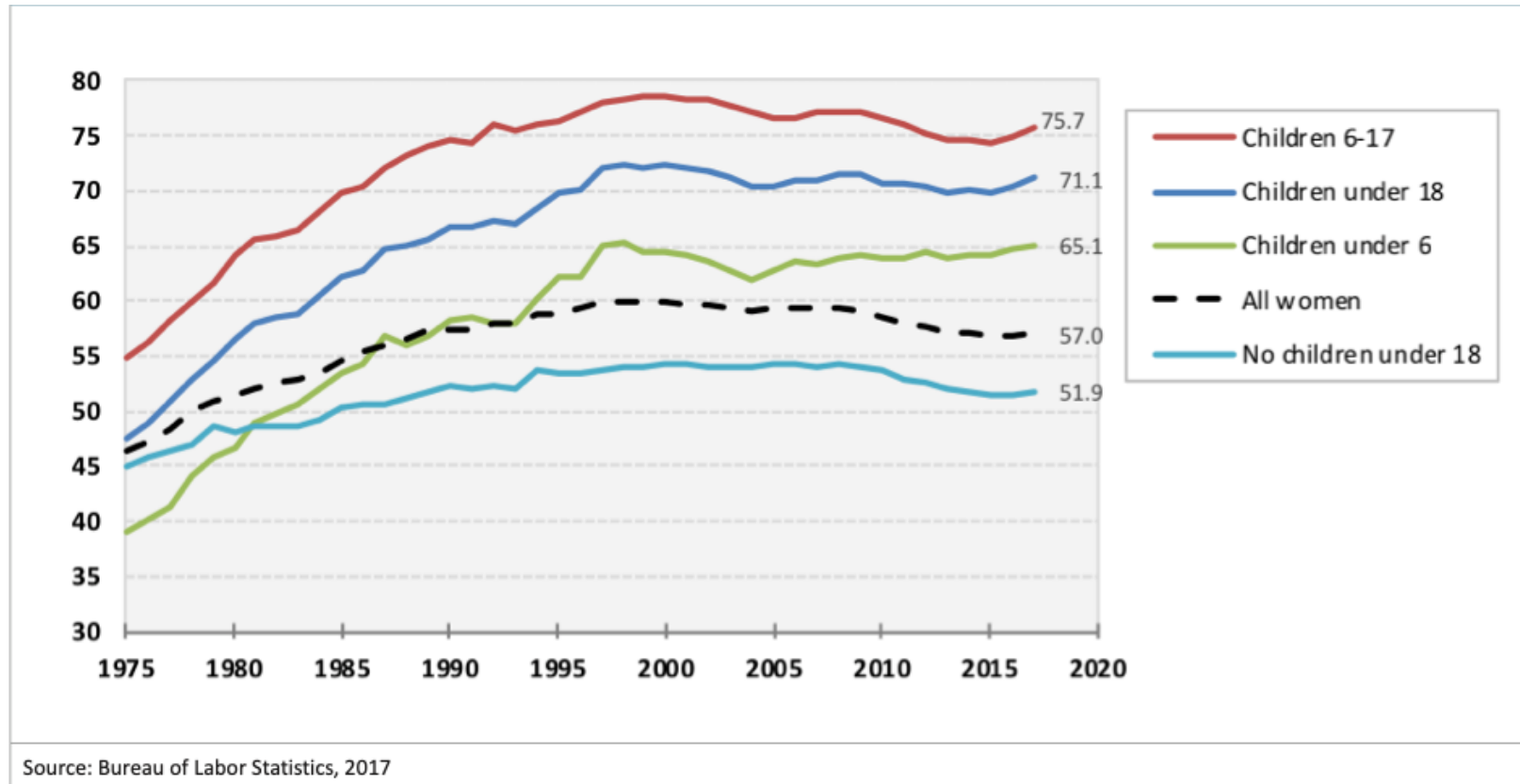
$$\frac{(\# \text{ people employed and unemployed aged } 16-65)}{(\# \text{ people aged } 16-65)}$$

- Better measure to gauge our current workforce situation than unemployment
- Can tell who is NOT working, and then get curious about why
- Labor Force Participation contributes to:
  - Workforce availability
  - Household earnings (and by relationship, poverty rates)
  - Total economic output of the region

**Individuals do not participate in the labor force for 5 reasons:**



# FEMALE LABOR FORCE PARTICIPATION RATES



# WHY MOTHERS?

- Impacts labor supply –
  - A states with a greater access to paid childcare have a larger share of women in the labor force
  - Research shows women work a larger amount of hours if they have access to paid childcare
  - Wages
  - Education
- Women's labor force participation rates are significantly associated with gross domestic product growth
- Impacts birth rates

# WHY FATHERS?

- Increases female recovery from pregnancy, which increases female employment (impact to both time available and wages)
- Female employment reduces family's poverty risk
- May help to reduce female discrimination in the workplace
- Father's care improves the child's cognitive, emotional, and physical health outcomes
- Engaged father's report greater life satisfaction, better physical and mental health



# WHY CHILDREN?

- The brain is developing rapidly during 0-5; more rapidly than at any other time in life
  - 90% of brain growth happens before Kindergarten
- Research shows early childhood brain development is formed by experiences, where relationships influence a child's social and emotional functioning
- Children with quality early learning have increased vocabulary, better language, math, and social skills, have more positive relationships with classmates, and score higher on school-readiness assessments.<sup>1</sup>
  - If children start school ready to learn, they are more likely to be ready by 3rd grade – remedial costs decrease
  - If children read by 3rd grade, they are more likely to graduate from high school
  - If children graduate from high school, they are more likely to pursue higher education. Businesses benefit from a highly educated workforce

# WHY EVERYONE ELSE?

- Quality childcare in early years yield benefits to society
  - Investment in our future workforce
  - Taxpayer savings strategy
  - Gives all children an equitable start in life
- Economic research shows that for every \$1 invested in early childhood yields a \$16 return

## **Increased:**

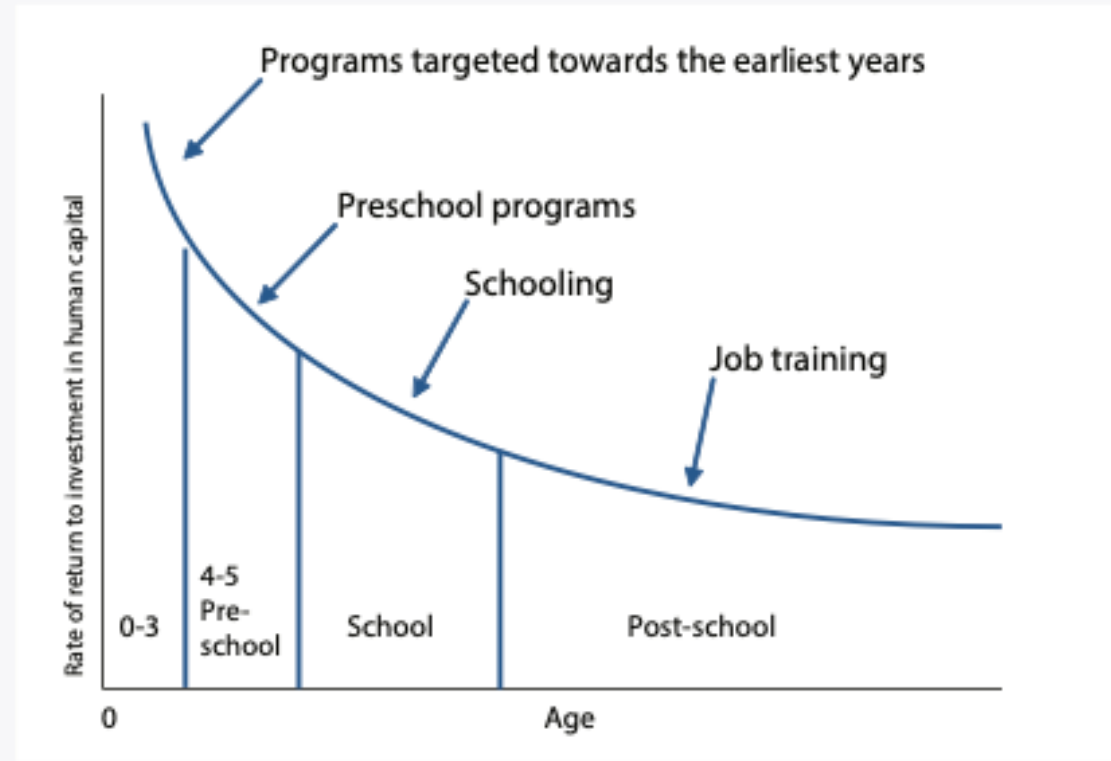
- High-School Graduation
- College Matriculation
- Personal Income

## **Decreased:**

- Remedial Education
- Dependence on Social Welfare
- Crime-Related Costs
- Incarceration Rates

## Returns to a Unit Dollar Invested

Return to a unit dollar invested at different ages from the perspective of the beginning of life, assuming one dollar initially invested at each age



- The earlier the intervention or investment, the greater the payoff
- Investments from 0-5 yield the highest returns on investment

# WHAT CAN YOU DO?

- Spread the word – share with friends why it is an ‘everyone’ issue
- Support programs, initiatives, and policies advancing access and affordability of childcare
- Businesses – provide family friendly practices, consider supporting family access to care through subsidies or other benefits, on-site care

# THANK YOU

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# RESOURCES

1. <https://www.oecd.org/els/family/>
  - a. <https://www.oecd.org/els/family/OECD-Is-Childcare-Affordable.pdf>
2. <https://www.earlylearningpolicygroup.com//ced-paid-care-dashboard.html>
3. <https://www.ced.org/childcareimpact>
4. <https://equitablegrowth.org/research-paper/the-child-care-economy/>
5. <https://heckmanequation.org>
6. [https://lmi.mt.gov/\\_docs/Publications/LMI-Pubs/Presentations/ChildcareWorkforce.pdf](https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Presentations/ChildcareWorkforce.pdf)
7. [https://lmi.mt.gov/\\_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildcareReport2020.pdf](https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildcareReport2020.pdf)