

TO: Interested Individuals
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DATE: December 21st, 2022
SUBJECT: Child Care and the Montana Workforce

A lack of available high-quality child care in Montana has prevented many parents from fully participating in the labor force, and thus further exacerbating the state's workforce shortage. In 2022, an average of 22,800 Montana parents were unable to participate in the labor force due to family responsibilities and a lack of child care.¹ An additional 45,000 Montana parents were underemployed or reported working reduced hours in 2022 – which translates to 8% of the state's labor force.² Parents make up a significant and underutilized segment of the state's workforce, many of whom would like to be more fully engaged in the labor market, but are limited by a lack of access to consistent, affordable, high-quality child care.

Licensed child care capacity meets only 43% of estimated demand in the state.³ Child care shortages exist in every county, with 59% of counties identified as child care deserts – meaning supply meets less than a third of estimated demand.⁴ About 16% of all children with working parents live in a childcare desert.

Additional Information

Child Care Availability and Affordability

- Licensed child care capacity only meets **43%** of estimated demand in Montana.⁵
- There are six counties in Montana without a single licensed provider.⁶ County-level data available in Figures 1 and 2, below.
- Licensed infant care capacity meets 31% of the estimated demand in Montana, qualifying the state as a childcare desert for infant care.⁷
- On average, Montana households paid \$294 a week in 2022 for care for children under the age of five, which translates to roughly \$15,274 per year. Annual child care expenses in 2022 amounted to 25% of the state's median household income, far exceeding the US Health and Human Services benchmark for affordable care.⁸

¹ Current Population Survey, IPUMS monthly extract November 2022. Number of Montana parents who were not in the labor force due to family responsibilities.

² Current Population Survey, IPUMS monthly extract November 2022. Number of Montana parents who reported working reduced hours in the past week.

³ Calculation based on 2017-2021 ACS 5-Year Estimates and average licensed child care capacity in July 2022 as reported by Montana Department of Health and Human Services.

⁴ DPHHS child care licensing data 2022 annual average capacity. 2017-2021 ACS 5-Year Estimates.

⁵ Calculation based on 2017-2021 ACS 5-Year Estimates, NVSS bridged population estimates for 2020 by county and age, and the 2022 average licensed child care capacity as reported by Montana DPHHS.

⁶ Montana Department of Health and Human Services, child care licensing database as of 7/21.

⁷ DPHHS child care licensing data as of 7/21. Montana Department of Commerce, CEIC population data. 2014-2019 ACS 5-Year Estimates. Infant is defined as a child less than two years old.

⁸ Annual child care expenditures estimated based on weekly child care costs reported by the U.S. Census Household Pulse Survey from September to November 2022. Median household income reported by 2017-2021 American Community Survey (in 2021 dollars).

Childcare Workforce Shortage

- The MTDLI estimates 743 annual job openings for childcare workers through 2031, placing the occupation in the top 20 for number of openings. Nearly half (49%) of these openings are projected to occur due to employee turnover. Retirements are estimated to generate an additional 47% of the job openings for childcare workers.⁹
- More early childhood education (ECE) graduates are needed to meet the demand for preschool and kindergarten teachers as well as childcare workers. Over 80% percent of ECE graduates work in Montana a year after graduation. However, their earnings fall below average for their educational attainment. Addressing this income discrepancy would encourage more students to pursue an ECE degree.¹⁰
- Childcare workers reported a median wage of \$11.19/hour, which translates to \$23,280 per year in 2021. The entry-level wage begins at \$9.79 and grow to \$13/hour for experienced workers.

Occupation	Education Level	Exit	Transfer	Growth	Total	Median Wage
Preschool and Childcare Administrators	Bachelor's degree	5	9	2	16	\$48,050
Preschool Teachers	Associate's degree	34	48	11	93	\$29,370
Childcare Workers	High school diploma	350	363	30	743	\$23,280

Source: MTDLI 2021-2031 Employment Projections. 2022 OEWS.

Workforce Impacts

- Parent labor force participation rates have recovered from their pandemic dip. 81% of parents are participating in the labor force, which is the highest rate of participation we've seen in Montana since 2008. The most up-to-date information on Montana's labor force is available on MTDLI's job tracking dashboard: <https://lmi.mt.gov/Home/Job-Tracking>
- The number of hours worked by parents has fallen from its pre-pandemic peak. Prior to the pandemic parents averaged a 40 hour work week, and now parents are averaging about 38 hours per week.
- About 70,00 parents are either not in the labor force, working part time instead of full time, or working reduced hours because they are taking care of family/ lack of child care.

Business Impacts

In coordination with the Federal Reserve Bank of Minneapolis, the Montana Department of Labor and Industry has identified significant business impacts stemming from a lack of access to child care.

- Most businesses in Montana (57%) recognize there is a shortage of affordable child care options in their community and stated increasing access should be a priority (60%).¹¹
- Forty percent of business reported that a lack of child care negatively impacts their ability to recruit and retain a qualified workforce.

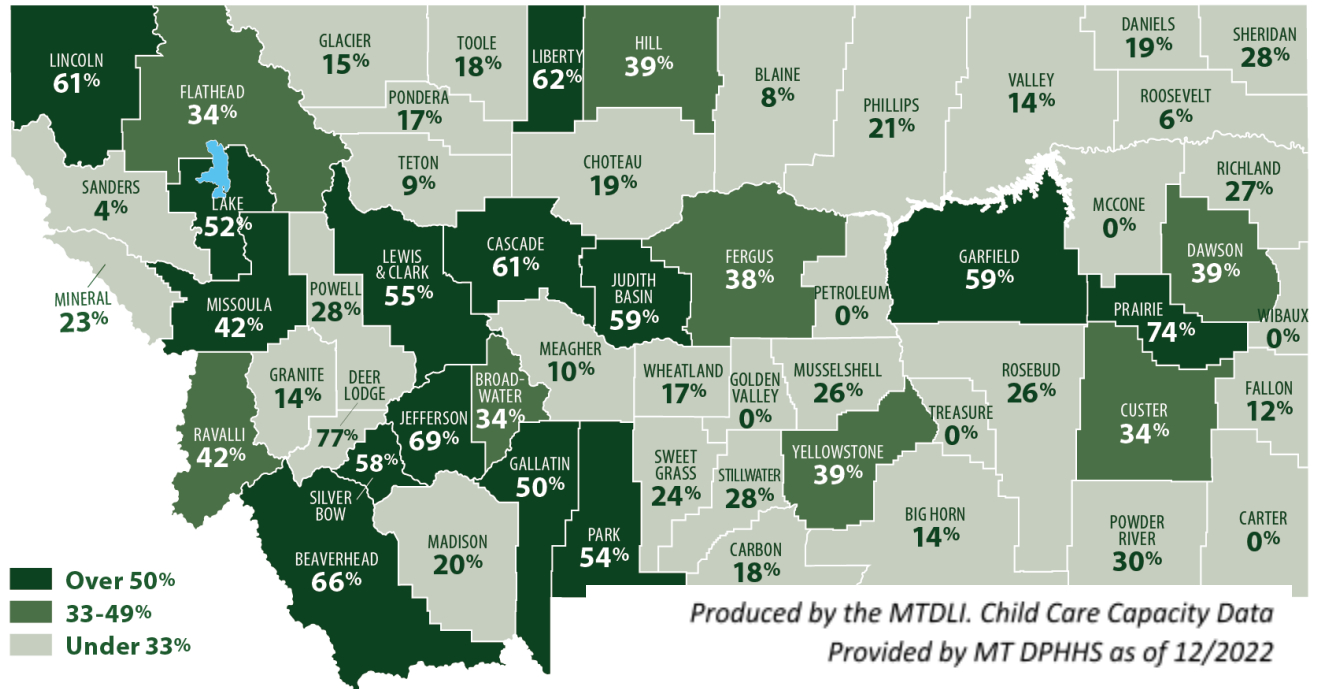
⁹ 2021-2031 MTDLI Employment Projections.

¹⁰ Montana Postsecondary Workforce Report 2022, MTDLI.

¹¹ "Impacts of Child Care on the Montana Workforce: Results from a Survey of Montana Businesses" Montana Department of Labor and Industry, November 2020.

- Inadequate child care has prevented 30% of Montana businesses from growing.¹²
- Montana businesses lose nearly \$55 million dollars annually due to inadequate child care, mainly from reduced revenue due to lower employee productivity and increased employee recruitment costs caused by unwanted employee turnover.¹³
- A lack of child care disproportionately impacts businesses with a predominately female workforce. Half of all businesses in Montana employing primarily women reported recruitment and retention difficulties due to a lack of child care.¹⁴

Figure 1. Child Care Capacity as a Percent of Children Under 6 by County

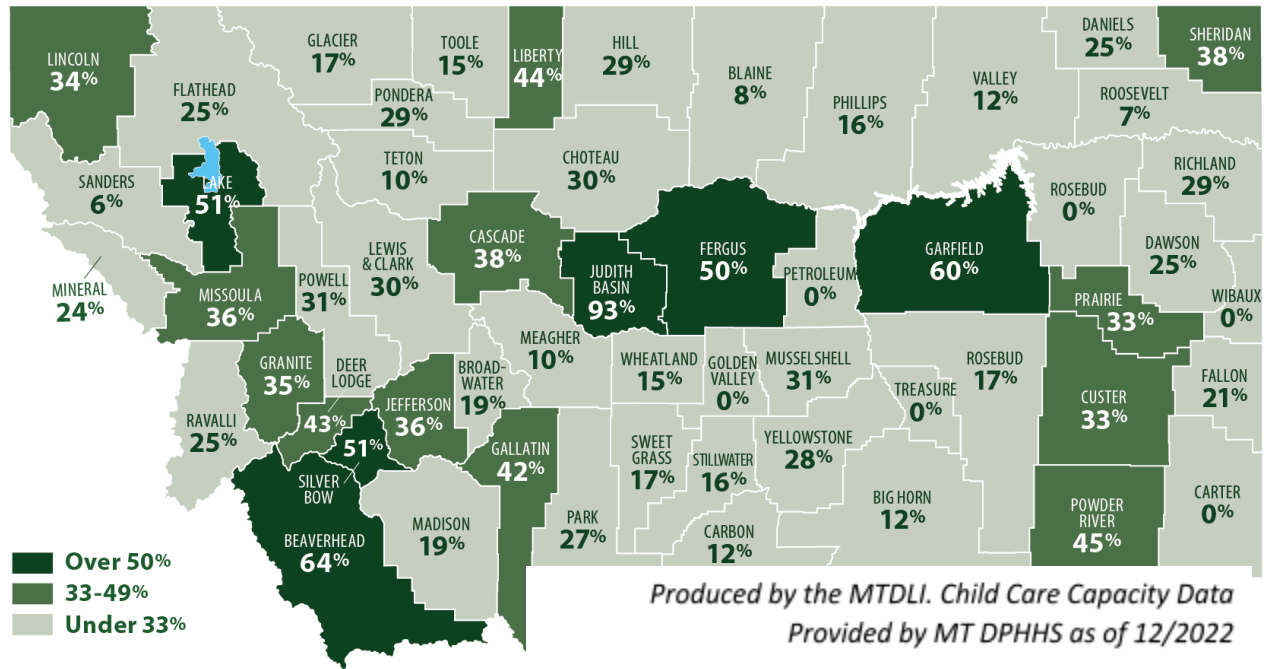


¹² "Impacts of Child Care on the Montana Workforce" MTDLI, November 2020.

¹³ "Lost Possibilities" University of Montana BBER, September 2020.

¹⁴ "Impacts of Child Care on the Montana Workforce" MTDLI, November 2020.

Figure 2. Infant Child Care Capacity as a Percent of Children Under Age 2



Publications

Watson, Amy. "Child Care Deserts: An Analysis of Child Care Supply and Demand Gaps in Montana." August 2021. MTDLI

https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildCareDesertsWhitePaper-FINAL.pdf

Watson, Amy. "Impacts of Child Care on the Montana Workforce: Results from a Survey of Montana Businesses." November 2020. MTDLI

https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildcareReport2020.pdf

Watson, Amy. "Out of the Office: How a Lack of Child Care has Impacted Montana Businesses."

November 2020. MTDLI. https://lmi.mt.gov/_docs/Publications/EAG-Articles/1120-ChildCare3.pdf

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https://lmi.mt.gov/_docs/Publications/EAG-Articles/0918-ChildcareInMontana.pdf

Watson, Amy. "Understanding the Child Care Workforce." April 2019. MTDLI.

https://lmi.mt.gov/_docs/Publications/EAG-Articles/0419-Childcare2.pdf