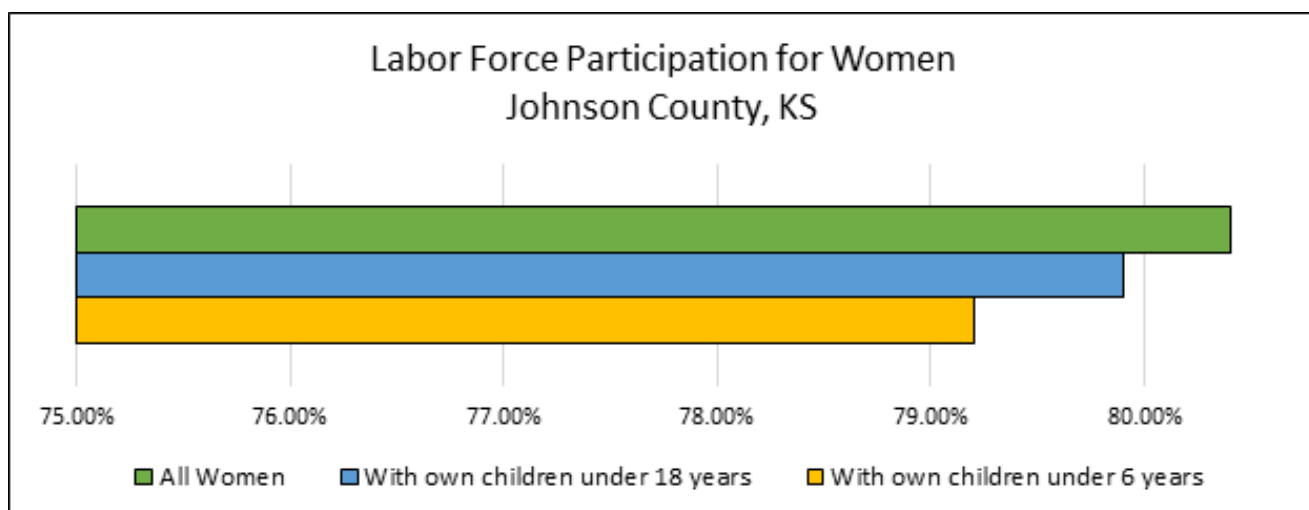




Child Care and Financial Stability – A Family First Issue

For women who are in the labor force and have minor age children in their household, child care is not only important: it is a critical element for successful workforce participation and long-term financial stability for themselves, their families, and their communities. The lack of access to affordable, high-quality child care has been a persistent challenge for working women, exacerbated by the COVID-19 pandemic. Since the pandemic began, millions of American parents have either lost their job or had their work hours reduced. In addition, due to a lack of quality and affordable child care options, many parents have had to stay home with their children or find less than ideal work arrangements to provide care.



Mothers in the Workforce

In Johnson County and throughout Kansas, most children have one or both parents in the labor force. Nearly 80% of Johnson County mothers are in the labor force.

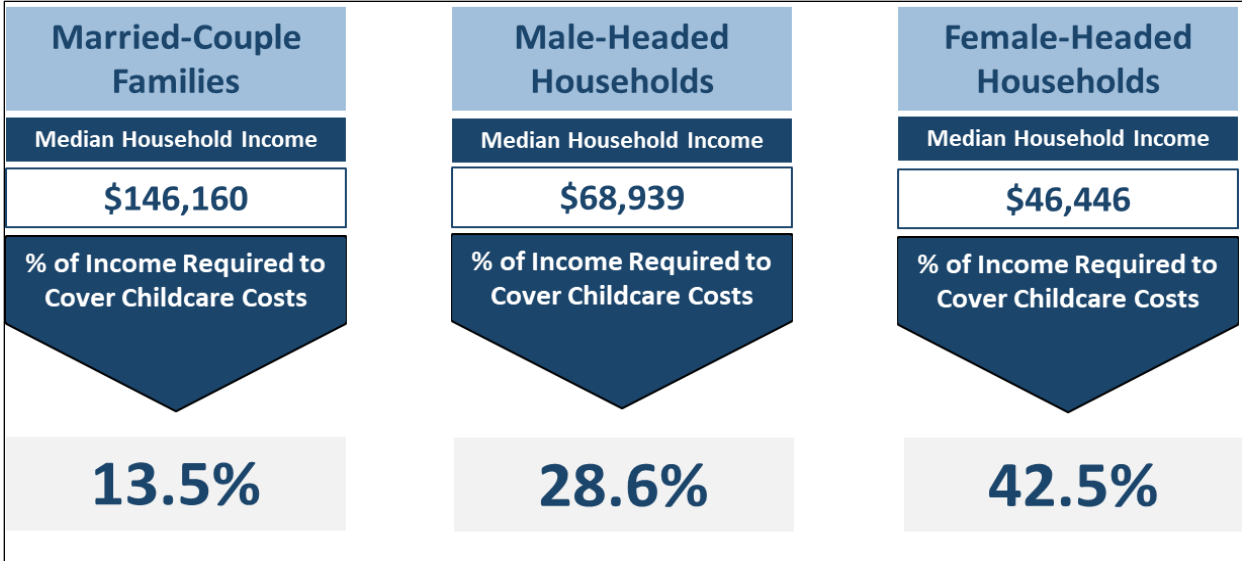
Among the more than 145,000 children aged 0-17 in Johnson County, 75% of them have both parents in the labor force. That means that more than 108,600 children need some form of care when their parents are working. Of the more than 45,300 children aged 0-5 (pre-school age), 71% of them have all parents in the labor force, highlighting the need for affordable, accessible high quality early childhood environments. More than 20,000 children (14%) live in a female headed household with no male present.

The Cost Burden of Child Care

The cost of child care stands out as one of the biggest barriers to keeping women in the workforce. The *2021 Status of Women in Kansas* report from United WE finds that infant care at daycare centers in Kansas is 1.3 times more expensive than in-state college tuition. According to the MIT Living Wage

Calculator, the cost of child care for a Johnson County household with two children where all parents work is \$19,736 per year, or \$1,645 per month. This means that many families in our community are burdened by the cost of child care. Child care cost burden measures the percentage of household income needed to pay for child care. When child care is affordable and accessible, it can support parents’ and guardians’ ability to participate in paid work and can provide lifelong benefits to children. The U.S. Department of Health and Human Services’ benchmark suggests child care is no longer affordable if it exceeds 7% of a household’s income. This measure of child care cost burden reflects the experience of a household with two children. Families in every state experience a child care cost higher than the 7% federal benchmark of affordability. The child care cost burden in Kansas is 22%.

Johnson County Child Care Cost Burden by Income, 2021



The child care cost burden exists among counties in Kansas and ranges from 13% to 30% for all households, according to the 2022 County Health Rankings report; female-headed households in Johnson County have a median cost burden of more than 42%. The burden falls disproportionately on women across the state. According to recent data from the U.S. Census Bureau’s Household Pulse Survey, women spend an average of \$418 per week on child care, compared to \$237 for men. Further, because median household income varies by race and ethnicity across Kansas counties, there is a disproportionate impact of child care costs on women of color.

The cost of child care also has implications for the child care workforce. Because provider fees are heavily influenced by market pressures, early childhood educators often receive near-poverty wages and limited benefits. According to the Kansas Department of Labor 2022 wage survey, the median salary for child care workers in Johnson County is \$22,911 per year. Even child care workers at the highest end of the salary scale earn only \$30,848 per year.

In addition to the high cost of child care and the burden it presents to working families, there is an inadequate supply of high quality child care seats in Kansas. Child Care Aware of Kansas notes in the

2021 Child Care Demand Report that the overall supply-demand rate for the entire state was 49% in 2021, meaning that the supply of child care slots meets less than half of the demand. In Johnson County, the current supply-demand rate is 67%.

Impact on Well-Being and Financial Stability

The cost burden of child care, combined with the lack of availability, disproportionately impacts women in both the short-term and the long-term. The COVID-19 pandemic was especially impactful. A 2021 study from the U.S. Federal Reserve found that women living with children under age 6 and women living with children aged 6 to 12 who were working low-wage jobs were more likely to exit the labor force during the pandemic than women without children. The study also indicated larger declines in labor force participation rates and higher rates of labor force exits among women of color. These patterns mirror differences in layoffs early in the pandemic that more severely affected Latinas and Black women. National survey data from a project at the University of Oregon found that found that 88% of Black and Latina mothers who stopped working during the pandemic reported that they could not afford to do so. Women who were forced to stop or reduce work experienced significantly more emotional distress (measured through a composite score of anxiety, depression, stress, and loneliness) than those whose work remained unchanged during the pandemic.

There are long-term cumulative consequences to leaving the workforce, including loss of wages, employment security, benefits, retirement, and savings. This exacerbates the existing gap in lifetime earnings between men and women due to the wage gap. Median annual earnings for Johnson County women who work full time year-round is \$51,871, compared to \$71,789 for men. Gender and racial pay disparities exist in Johnson County just as they do across the United States. Overall, women in Johnson County earn 72 cents for every dollar compared to men’s earnings, and gender-based disparities exist within racial groups as well. Additionally, Black women earn 80 cents for every dollar that White women earn. Hispanic women earn 60 cents for every dollar that White women earn.

| MEDIAN EARNINGS FOR FULL-TIME, YEAR-ROUND WORK JOHNSON COUNTY, 2021 | | | |
|--|------------|--------------|----------------------|
| | Men | Women | Pay disparity |
| Total Population | \$71,789 | \$51,871 | 72% |
| Black | \$50,004 | \$43,042 | 86% |
| White | \$76,280 | \$53,738 | 70% |
| Native/Indigenous | \$63,333 | \$48,409 | 76% |
| Asian | \$79,466 | \$47,596 | 60% |
| Hispanic/Latino | \$39,912 | \$32,292 | 81% |

Child Care Aware of America’s 2022 Fall Report cites a study from The Bureau of Labor Statistics indicating that there were 1.7 million fewer women in the workforce in September 2021 compared to September 2019. The economic impact of lost earnings, revenue and productivity resulting from inadequate child care is also significant, costing businesses \$16 billion annually and U.S. taxpayers \$25 billion a year.

Policy Solutions

Universal Pre-K. Data shows that preschool has long lasting impacts on children’s wellbeing. This is particularly true for low-income children, who are less likely to have access to high-quality preschool. Making no cost or low-cost quality full-day preschool available to all families would help to alleviate the financial burden of child care and serve as an investment in children’s educational and emotional development – building a healthy, prepared workforce of tomorrow.

Focus on workforce quality. Policymakers can focus on opportunities to create optimal early learning environments for children by investing in the workforce. Early care and education professionals are sometimes referred to as “the workforce behind the workforce,” because reliable child care ensures parents can work, attend school or leverage other job training opportunities. In addition to being culturally and linguistically inclusive, child care needs fit the diverse range of employment that families rely on for income. Child care that includes options for evening, overnight, and weekend care is needed to accommodate a range of job and school schedules. Policymakers can support this critical infrastructure by investing in training, education, and professional development and promoting financial incentives such as wage supplements for child care workers and tax credits for individuals utilizing child care as well as businesses subsidizing child care for employees.

Increase Funding for Child Care Assistance. Kansas has limited child care assistance. Increased funding through subsidies and tax credits supports workforce readiness and economic growth. Raising both the subsidy amount and the income eligibility requirements would open this needed resource to more families, and provide the assistance needed to afford quality child care. This could be accomplished with a sliding scale model that would provide child care subsidies according to each family’s level of need and the regional cost of care.

Paid Family Leave. When working mothers and other caretakers need to take leave from work to care for family members, many lose the very wages that sustain their households. Employers and policymakers should consider paid family leave policies which benefit the entire family. Paid family leave enables workers to take time away from work to care for others in their family, including new children in the family and sick relatives. Thirteen states and the District of Columbia have enacted paid family leave (PFL) laws. All state programs are funded through employee-paid payroll taxes, and some are also partially funded by employer-paid payroll taxes.

Sources: U.S. Census American Community Survey, 2017-2021; U.S. Census Bureau Household Pulse Survey, Week 51. Education Table 2. Paying for Child care and Cost in the Last 7 Days, by Select Characteristics: Kansas; 2022 County Health Rankings Kansas Report, Robert Wood Johnson Foundation and University of Wisconsin Population Health Institute; Lim, Katherine, and Mike Zabek (2021). “Women’s Labor Force Exits during COVID19: Differences by Motherhood, Race, and Ethnicity,” Finance and Economics Discussion Series 2021-067. Washington: Board of Governors of the Federal Reserve System, <https://doi.org/10.17016/FEDS.2021.067>; “Mothers of Young Children Speak On Work During The Pandemic”, RAPID-ED, Center for Translational Neuroscience at the University of Oregon: May 2021; “Demanding Change: Repairing Our Child Care System”, Child Care Aware of America, Fall 2022

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