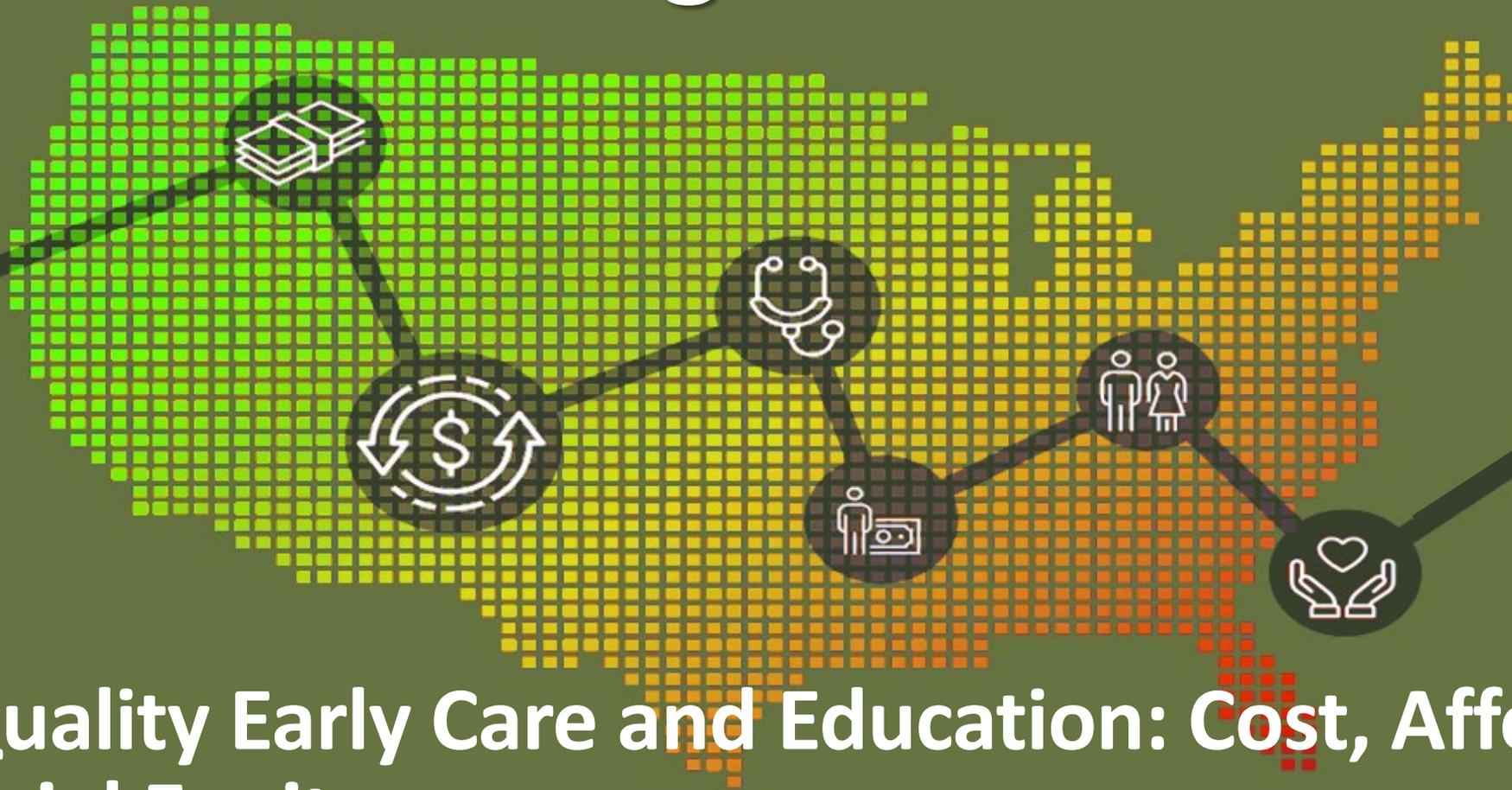


Connecting Communities



High-Quality Early Care and Education: Cost, Affordability, and Racial Equity

March 3, 2022

Organized by the Federal Reserve Bank of St. Louis

Welcome



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Marika Hamilton
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Dianne Haulcy
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Start Early



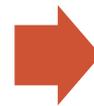
Suzie Lalich
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Agenda for this webinar

Insights from
Research on the Cost
of Providing High-
Quality Early Care
and Education



Findings from
Federal Reserve
Focus Group
Discussions



Respondent Panel



Q&A

Join

- Call-in number: **888-625-5230**
- Conference code: **202 697 96#**
- Webinar link: <https://www.webcaster4.com/Webcast/Page/584/44625>

Questions

- Email us at: communities@stls.frb.org.
- Type your question into the chat box of the webinar.

Website

- Please visit <https://bsr.stlouisfed.org/connectingCommunities>.

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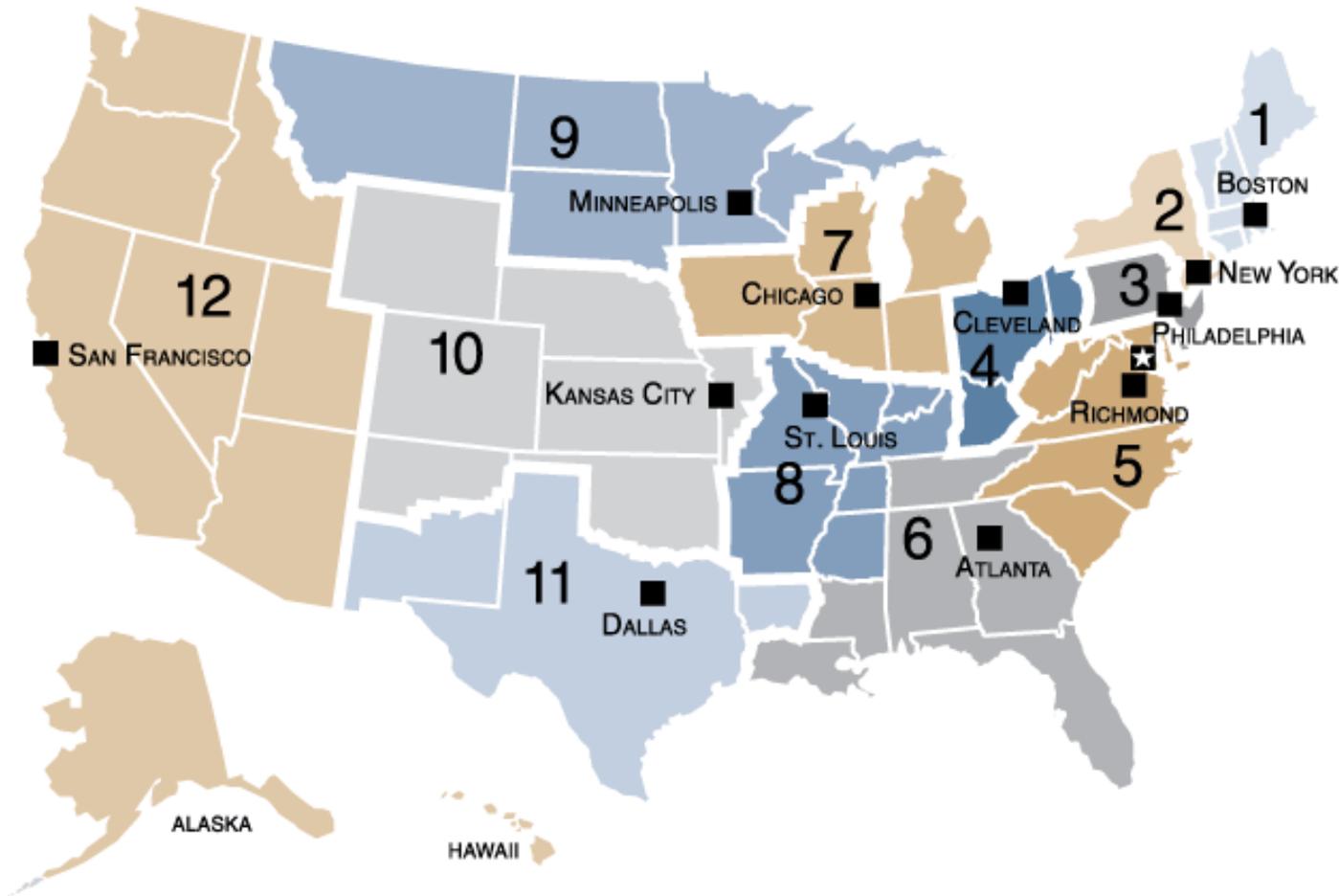
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Community Development

The mission of the Federal Reserve's community development function is to promote the economic resilience and mobility of low- to moderate-income and underserved individuals and communities.



Cost and Affordability of Quality Child Care



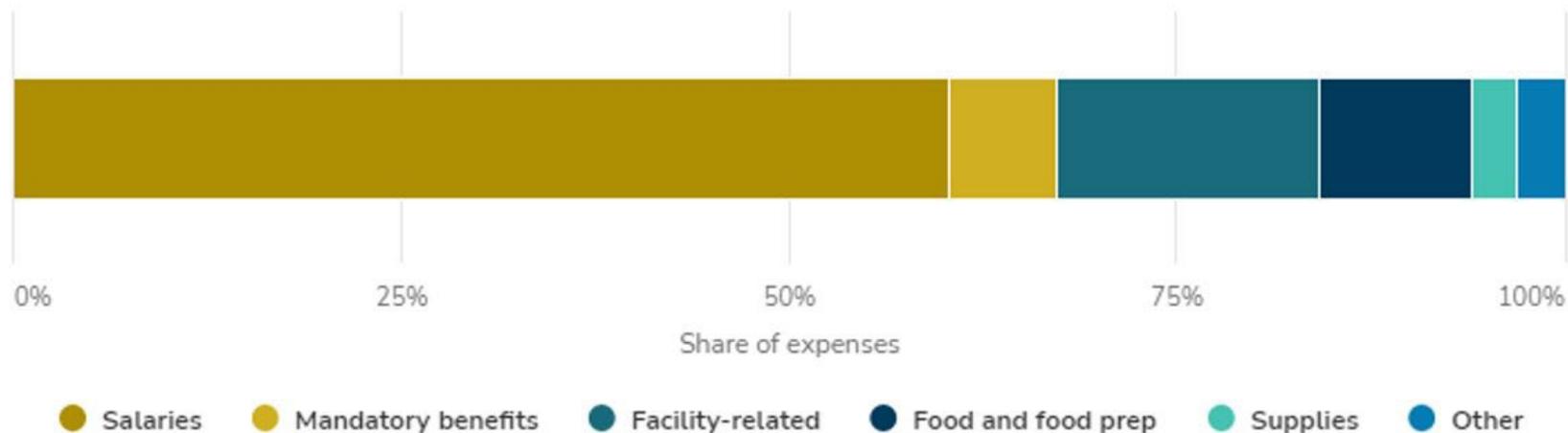
Katherine Townsend Kiernan
Research Analyst



**Federal Reserve
Bank *of* Atlanta**

Staff Compensation: Largest and Most Important Early Care and Education (ECE) Cost

Example of Minnesota child care center expenses

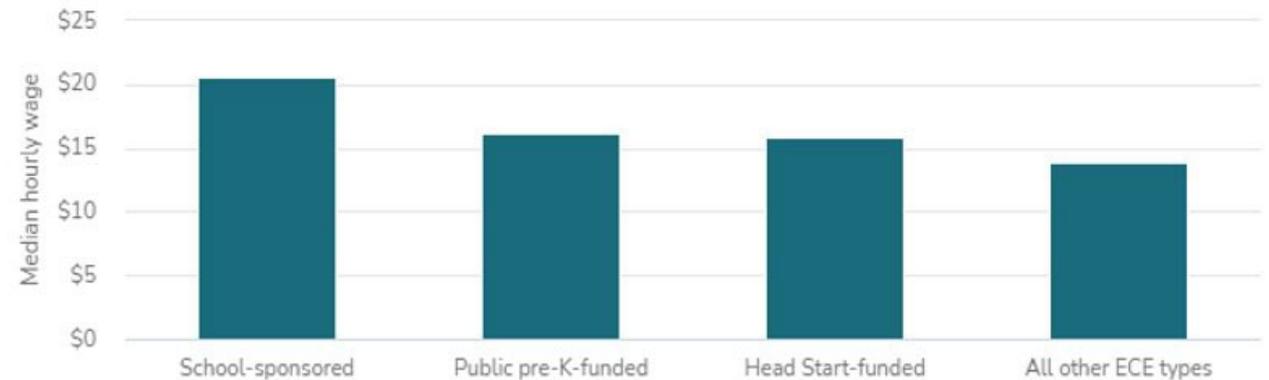


- Child-teacher interactions are a key factor in determining quality across all types of providers.
- Additional costs: child-teacher ratios, curricula, professional development and instructional support, facilities, and outdoor spaces

Wages: Recruitment, Retention, and Provider Type

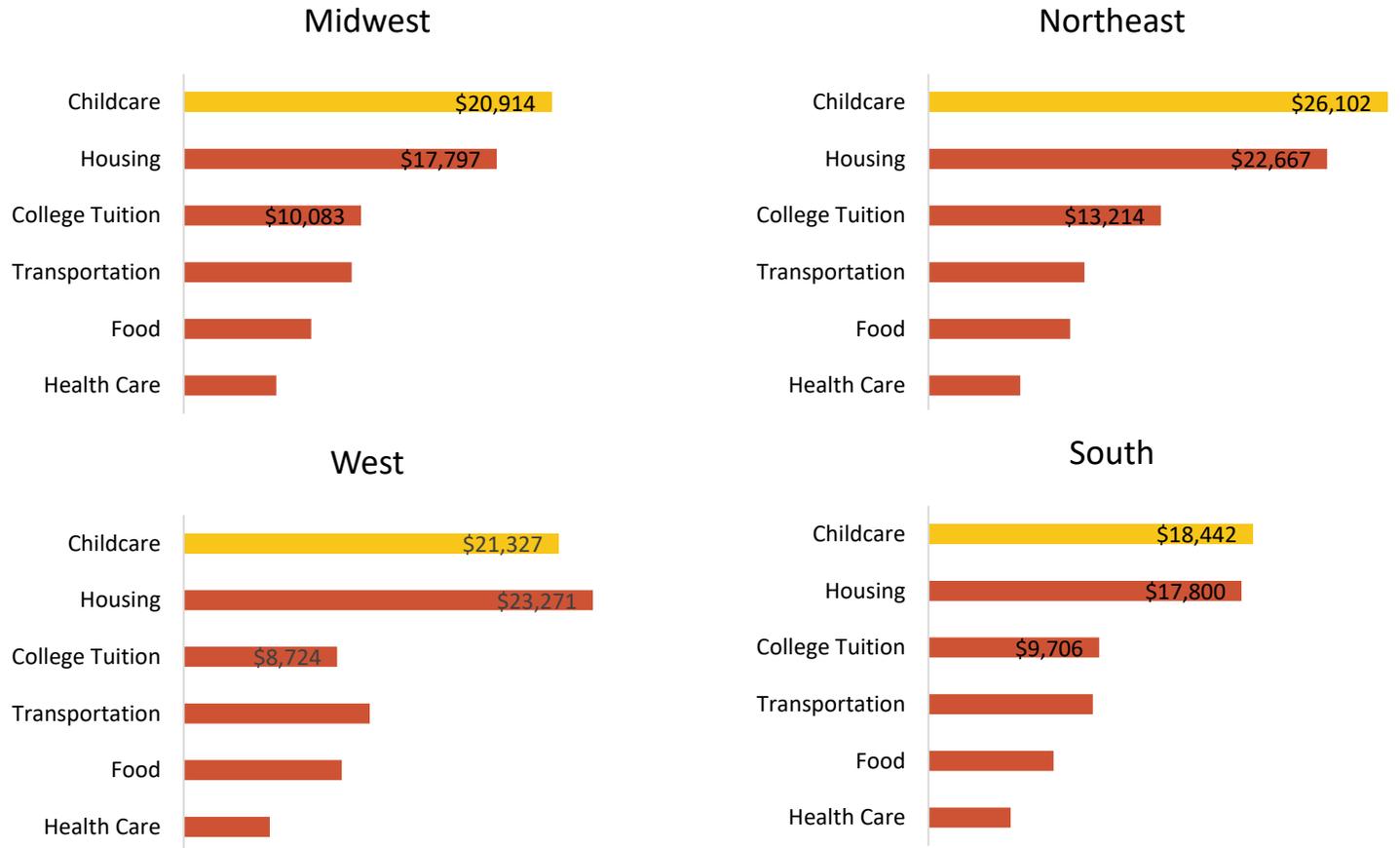
- Higher wages improve recruitment and retention—reducing turnover costs.
 - Experimental study showed that bonus pay reduced teacher turnover, though turnover rates remained high.
 - Lead teachers with bachelor’s degrees would need a pay increase of 22% to match child-family social worker wages and 42% to match elementary school teachers.

Gaps in wages between school-sponsored ECE and other types are wide



Childcare Expenditures Outpace Other Household Budget Items

- In every state, the median price for childcare for an infant in a childcare center is at least 7% of the state’s median income for a married couple with one child.
- In 43 states, typical infant tuitions are more than 10% of the median income for such families and can be as high as 18%.



Source: Child Care Aware of America, The US and the High Price of Child Care: An Examination of a Broken System, 2019 Report, (Arlington, VA: Child Care Aware of America, 2019)

Rising Childcare Prices Are Pushing People—Usually Women—out of the Labor Market

- Childcare costs rose 16% from 1990–2011.
- Roughly 35.2 million workers have at least one child under the age of 14 with other adult in the household able to care of them during the day.
- During the pandemic, mothers with children under the age of six—who made up roughly 10% of the pre-pandemic workforce—accounted for nearly 25% of employment loss.

Policy Options Can Alleviate Affordability Challenges, but Are Often Not Enough

- Child Care and Development Fund (CCDF) is the largest federal childcare subsidy program, providing subsidies so that parents can work or go to school.
- Subsidy levels can drastically limit parents' ability to access high-quality childcare that works for their family.
- Strict eligibility limits can prevent economic mobility by creating benefits cliffs.



Under federally recommended program guidelines, CCDF funding reached only one of every six children who were eligible in fiscal year 2018.

Expanding Access to High-Quality Early Care and Education through a Racial Equity Lens

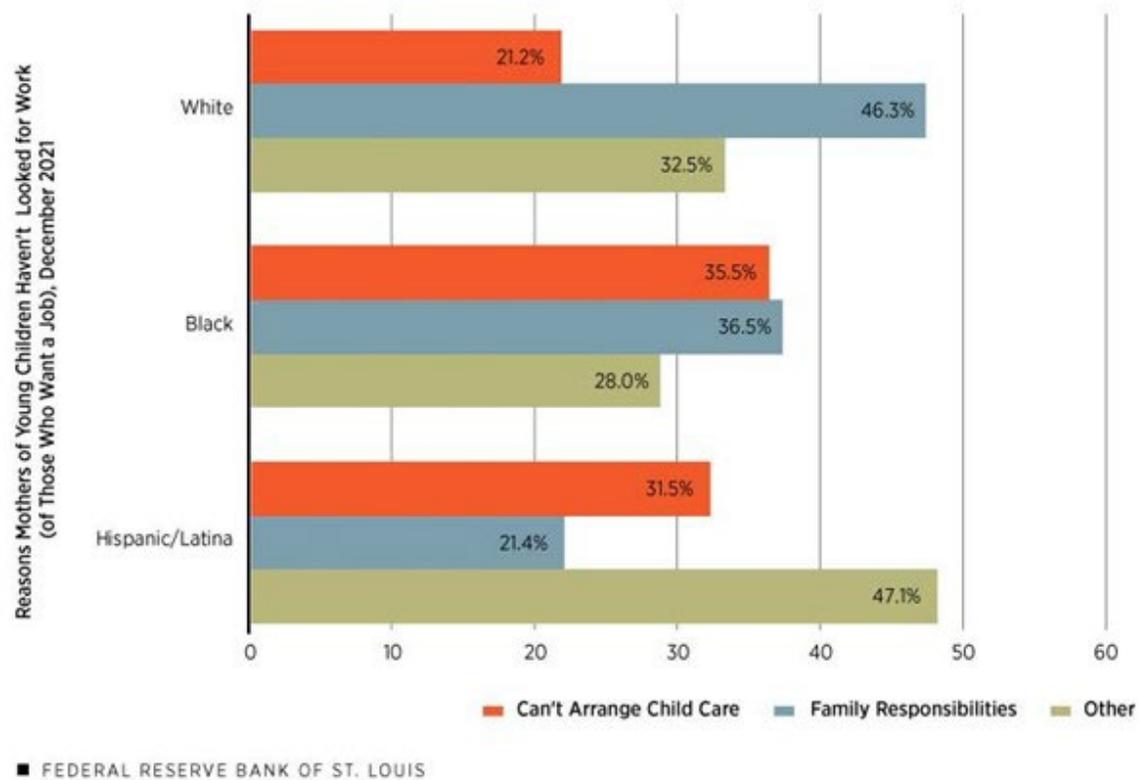


Sam Evans
Senior Community Development Advisor



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Childcare Pressures Block Some Black and Hispanic/Latina Mothers from Work



Source: Ana Kent's calculations using IPUMS Current Population Survey. These statistics refer to mothers (of young children) who want to work but have not looked for a job in the past four weeks.

Meeting the Access Needs of Black and Hispanic Families for High-Quality ECE

- Black and Hispanic children are less likely to be enrolled in high-quality ECE settings.
- Over half (51%) of people in the United States live in what is deemed a **childcare desert**, defined as a census tract with more than three children under age five for every licensed childcare slot. Childcare supply is especially low among certain populations, with 57% of Hispanic families, 44% of Black families, and 54% of those living in the lowest-income neighborhoods lacking sufficient licensed or regulated childcare providers to meet the needs of these families.
- Parents in low-wage jobs may work nonstandard or irregular hours that require evening or weekend support (PDF). The number of providers who are either licensed or regulated to provide childcare has decreased further during the pandemic.

Source: Saras Chung, Jessica Coria, Sam Evans, and Ana Hernández Kent, Expanding Access to High-Quality Early Care and Education Through a Racial Equity Lens, St. Louis: Federal Reserve Bank of St. Louis, January 2022.

Available at: <https://www.stlouisfed.org/community-development/publications/expanding-access-to-high-quality-early-care-education-through-racial-equity-lens>

Cultural Competency and Staff Diversity – A Key Indicator of High Quality

- Research links the benefits of maintaining continuity of cultural and linguistic characteristics and experiences between children’s homes and early childhood settings.
- Black children are disproportionately disciplined and expelled at higher rates than their white counterparts from early educational settings.
- Centers and home-based providers struggle to find bilingual teachers and staff.

So, they can identify, and they don’t feel like they’re the only one, and they don’t feel out of place when they’re in the facilities; educating children and being culturally appropriate – so that’s one of the big things that I really do look at when I’m looking at facilities, all different types of children.

- Black parent in a suburban area with a child under age five who attends a childcare center

The ECE Workforce is Composed of Majority of Women

- Wages in the ECE system are some of the lowest in the United States relative to qualifications and skill sets.
 - Pay disparities exist: According to the Center for the Study of Child Care Employment, Black providers are paid on average \$0.78 less per hour than their white peers.
- Unregulated or unlicensed providers often do not meet the eligibility requirements to benefit from federal, state, or local efforts to improve quality.

Source: Erika Bell, Anna Crockett, Jessica Coria, and Sloane Kaiser, *The Voices of Early Care and Education: A Qualitative Perspective on Providing and Accessing High-Quality Early Care and Education*, Philadelphia: Federal Reserve Bank of Philadelphia, 2022.

Available at: <https://www.philadelphiafed.org/community-development/workforce-and-economic-development/the-voices-of-early-care-and-education>

Provider Persona



Passionate Overwhelmed
Ambitious Busy

“It’s difficult to find quality teachers because no qualified teacher is going to work for \$10/hour. We need benefits and incentives to keep them there.”

Centering Parent and Provider Voices and Experiences is a Best Practice for Addressing Inequities

- To support a more racially equitable ECE—consider the experiences of those who are most disenfranchised by current systems and adapting those systems to respond to their needs can support a more racially equitable ECE.
- Providers want to be more involved in the policy discussions.
- Listening, learning, and responding can be best practices for creating an equitable ECE system that benefits the economy, communities, families, and children the system seeks to serve.

Panel Discussion



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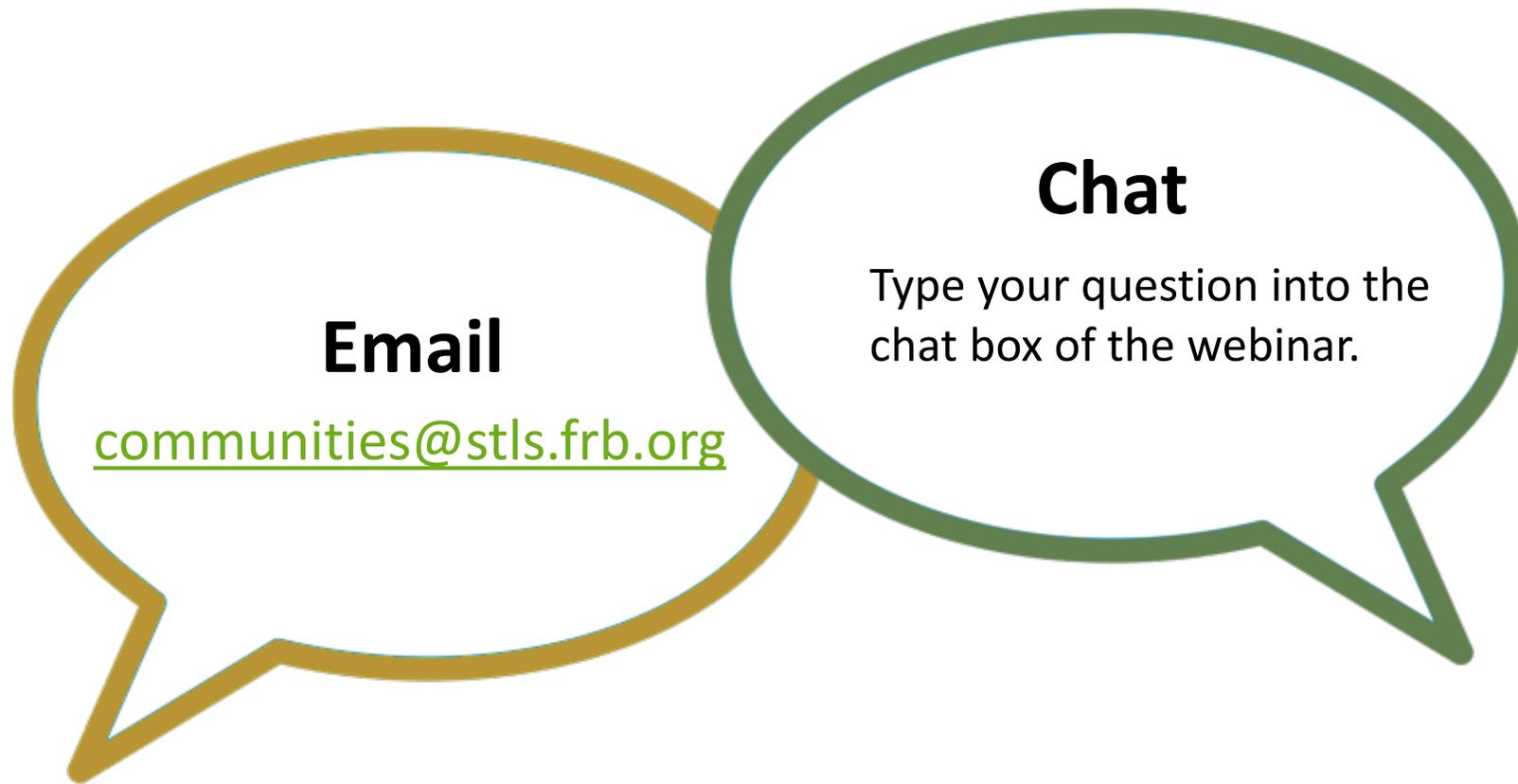


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Questions



Next Steps

- All session materials are available on our website, and in the next few days, we will post an audio file of today's session.
- If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.
- Information about future sessions will be posted on our website, along with archived materials from past sessions: <https://bsr.stlouisfed.org/connectingcommunities>.



Related Resources

- In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org.
- It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.