



Impacts of Child Care on the Montana Workforce

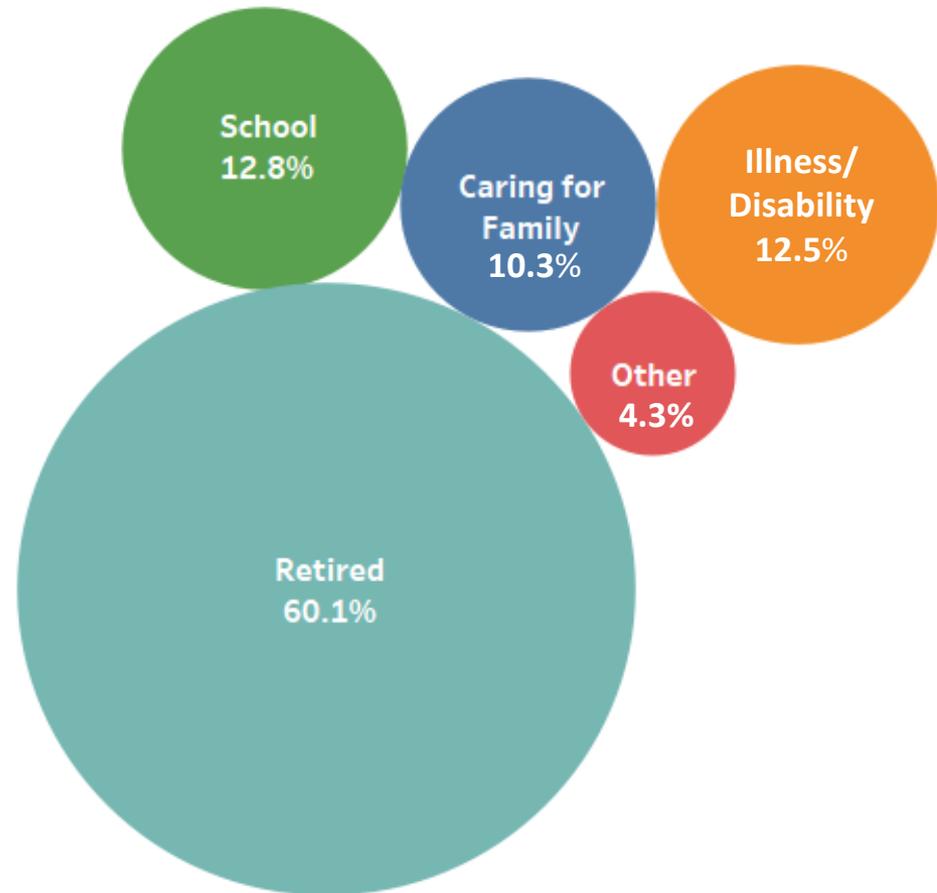
AMY WATSON, Senior Economist
January 21st, 2022



More Montanans Working Than Ever

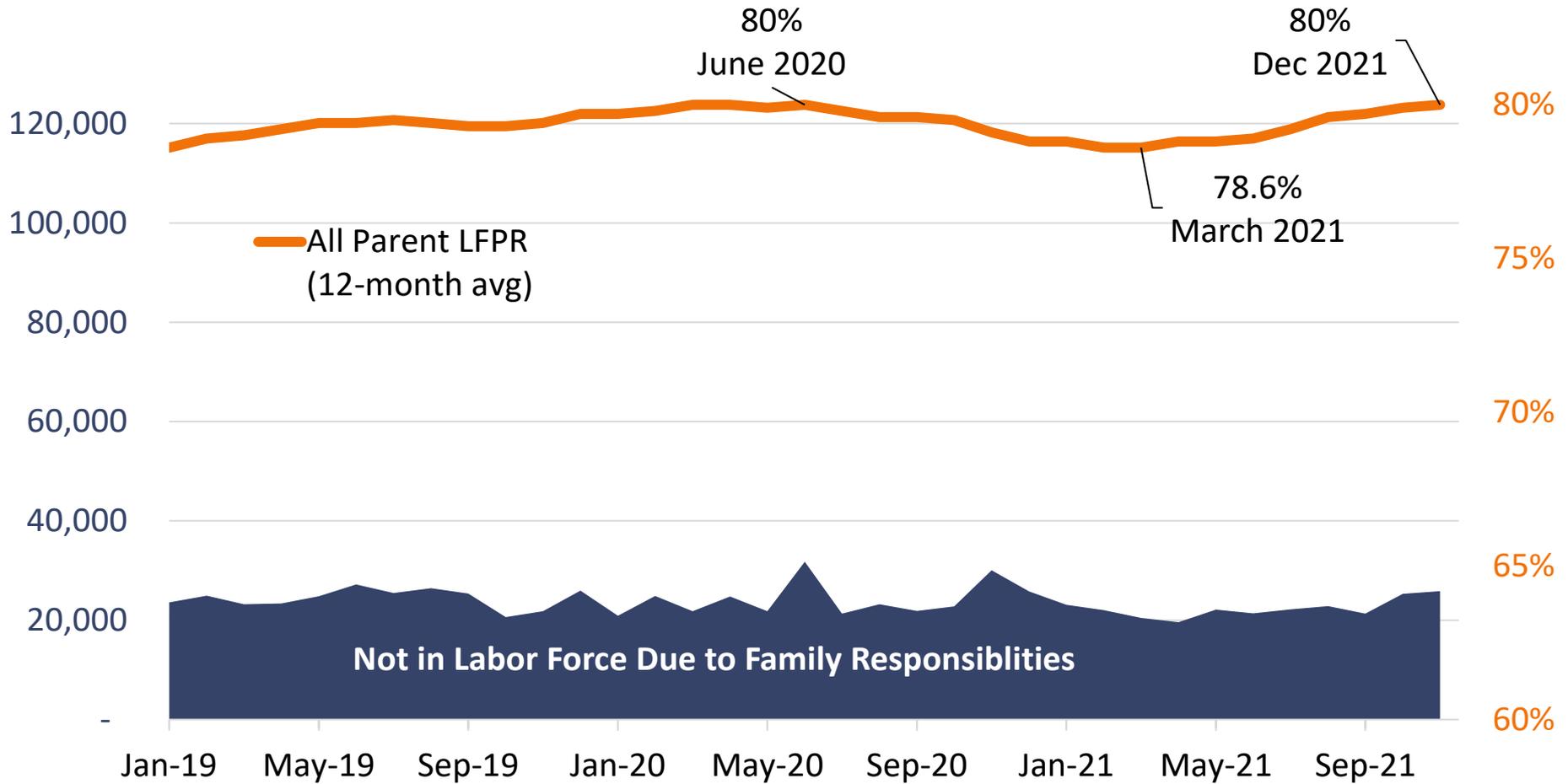
- Unemployment Below 3%
- Only 15,000 unemployed
- Labor Force Participation Rate long-term decline

Main Activity for Those Not Looking for Work (Not in Labor Force)



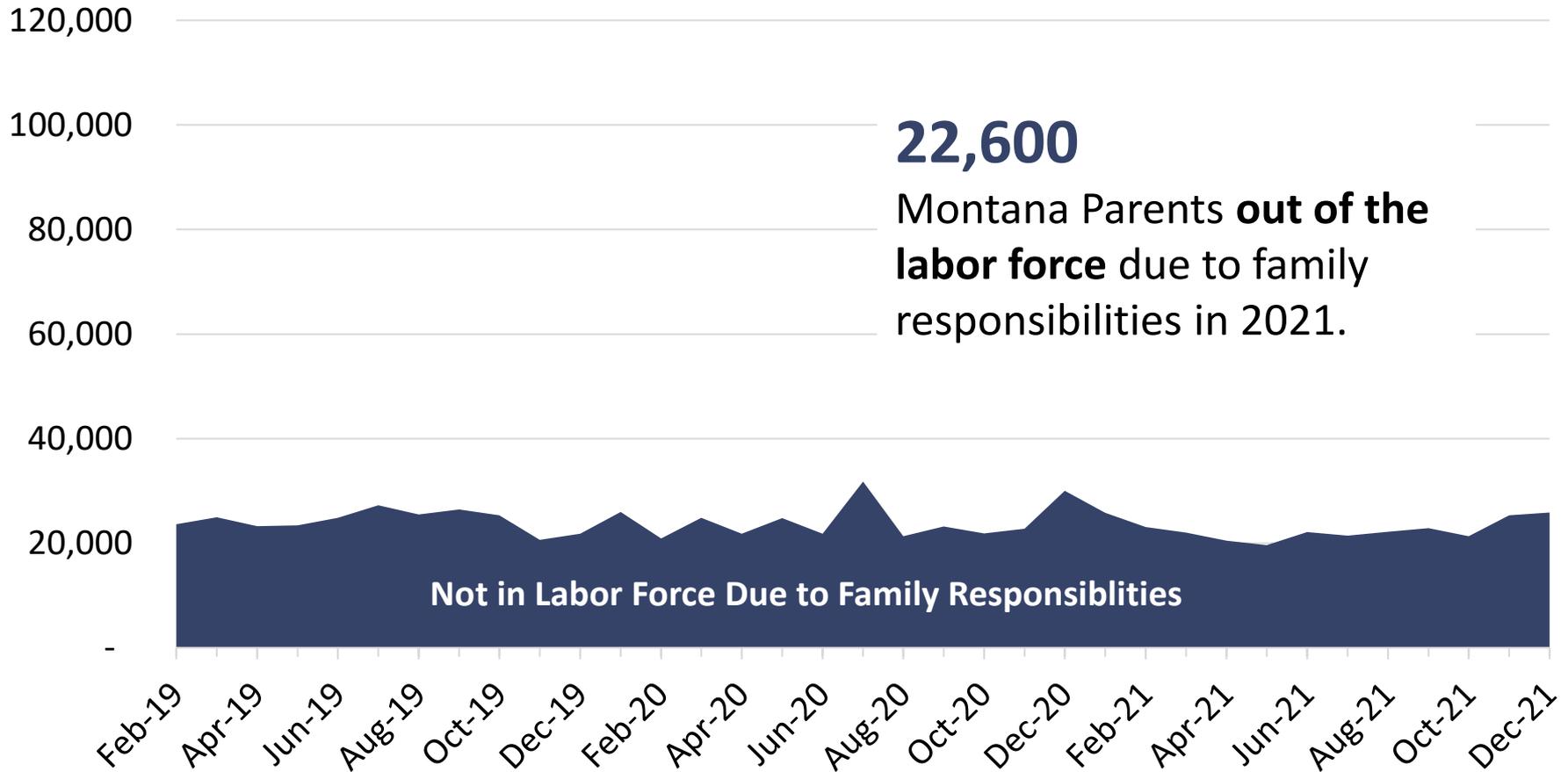


Parents Not in Labor Force



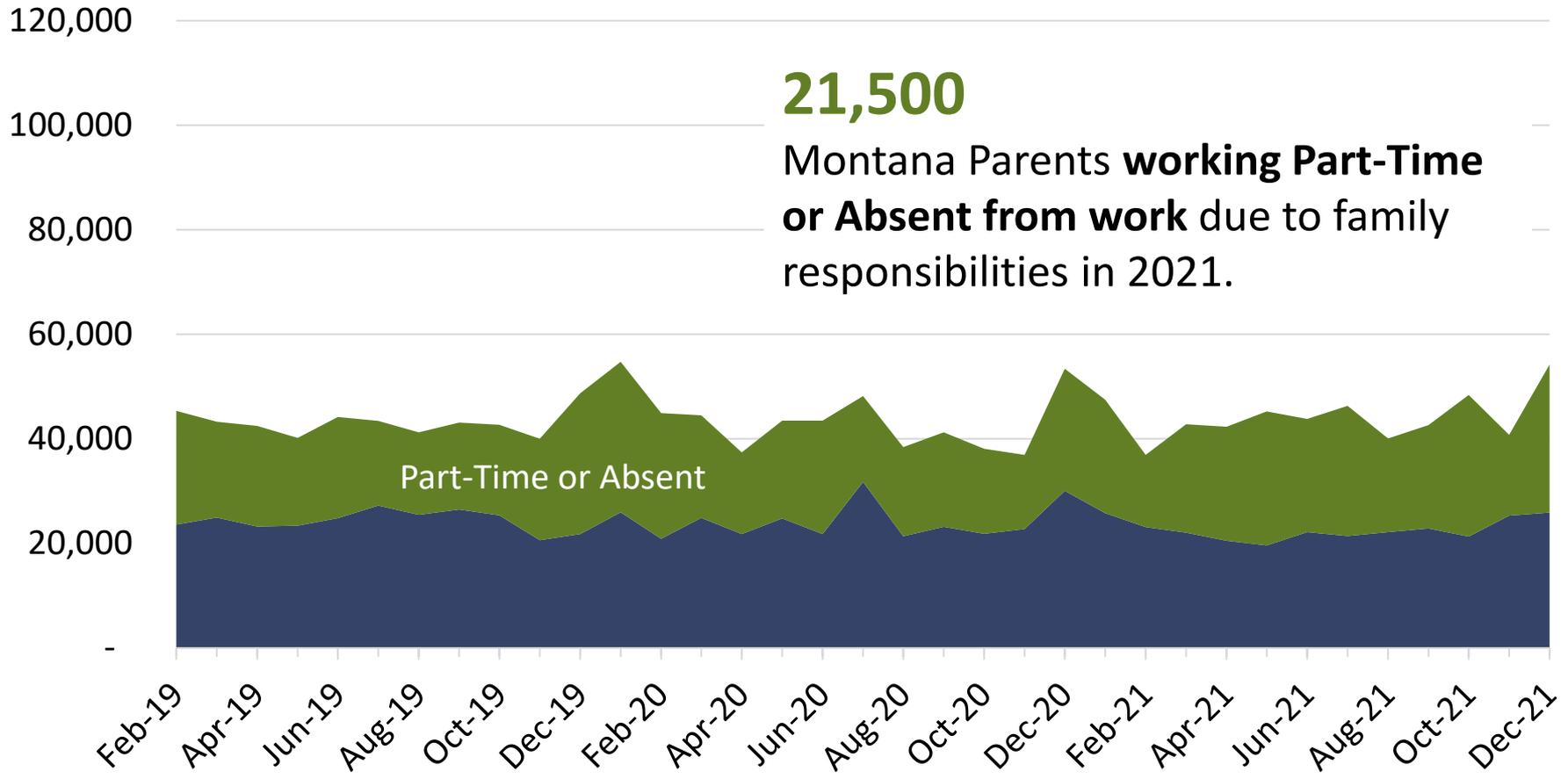


Parents Not in Labor Force



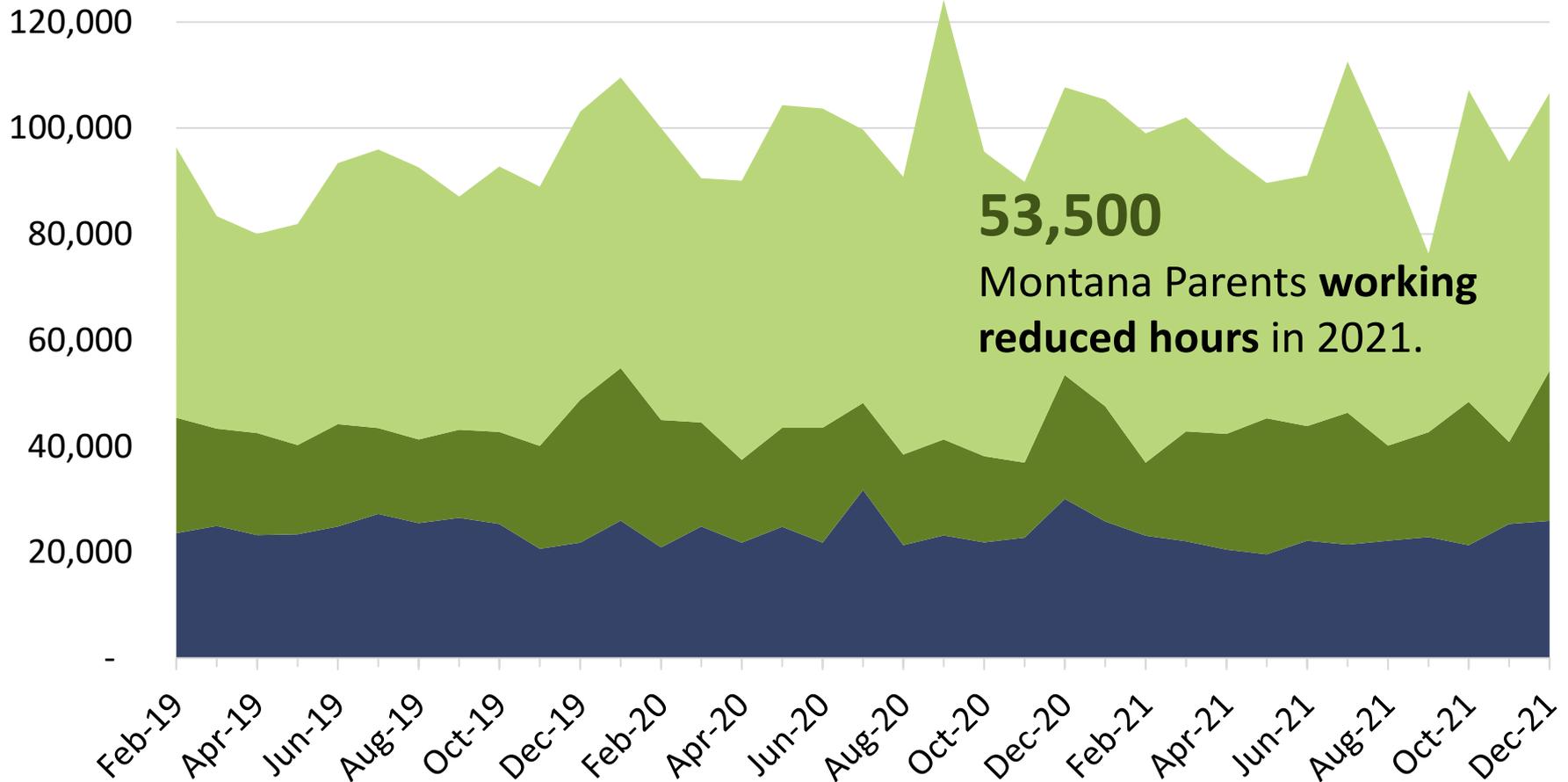


Parents Underemployed



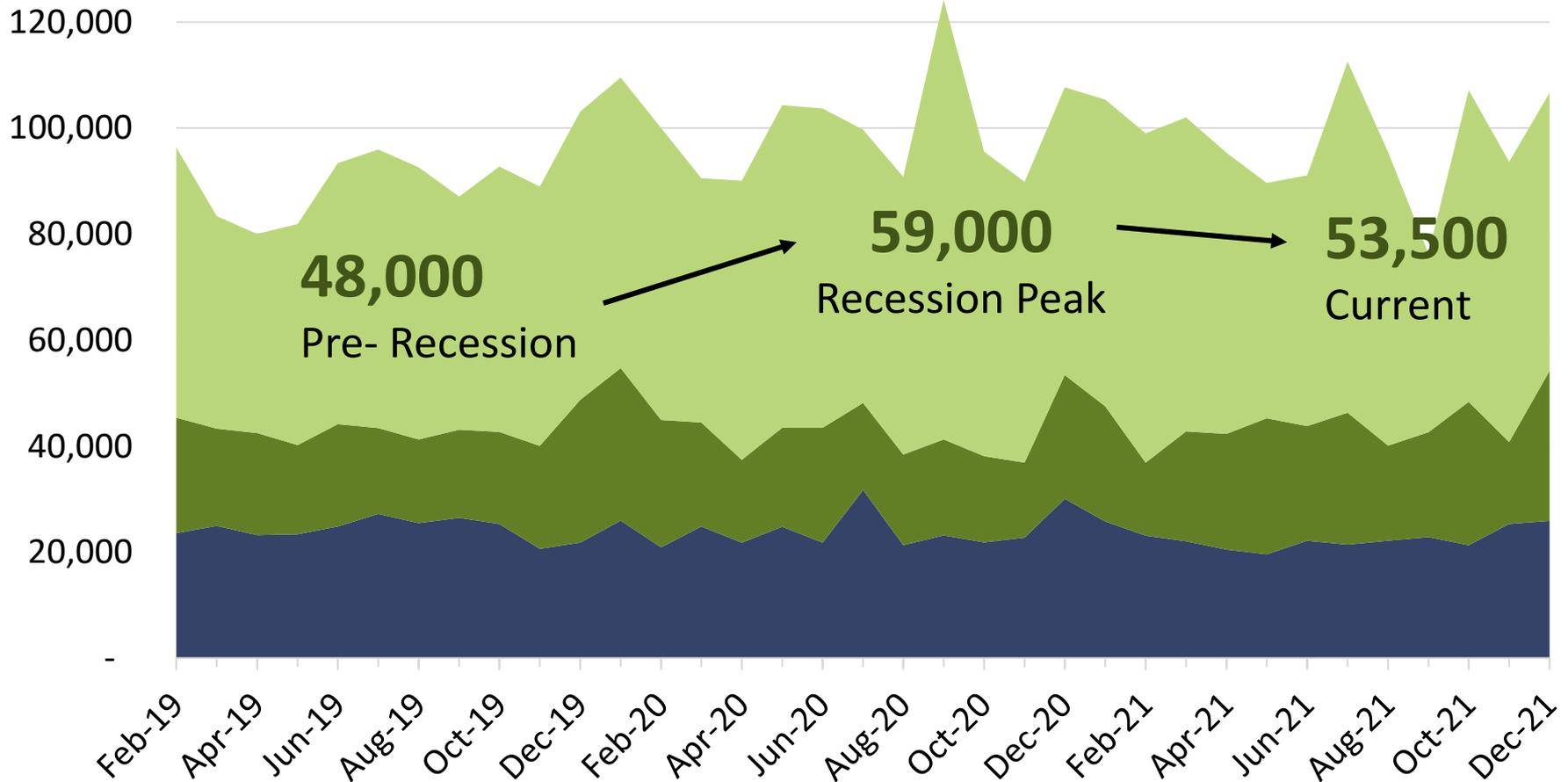


Parents Workforce Engagement



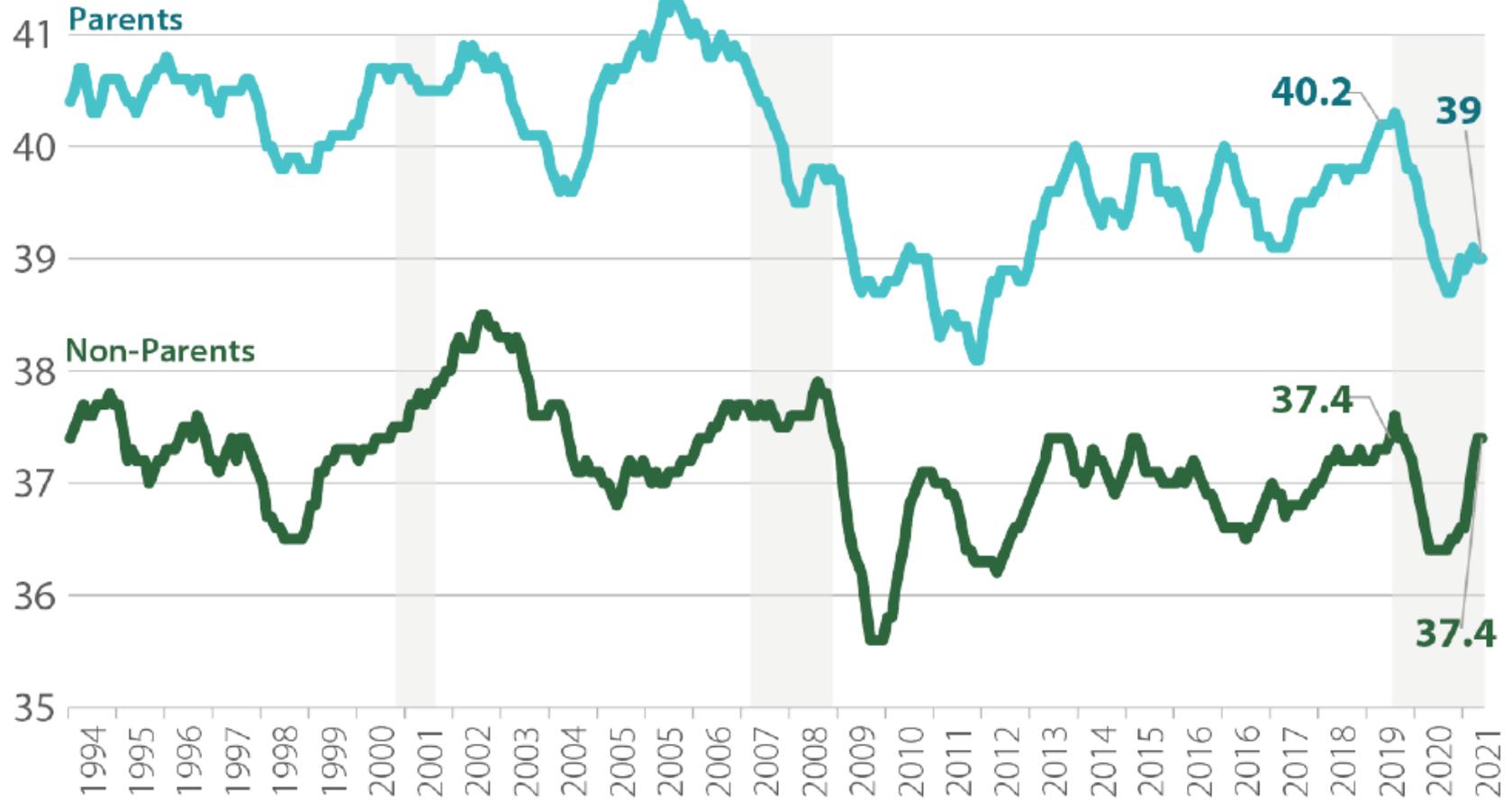


Parent Workforce Engagement





Average Hours Worked per Week



Source: IPUMS CPS data, 12-month moving average. Recessions are shaded.





Child Care is a Workforce Issue

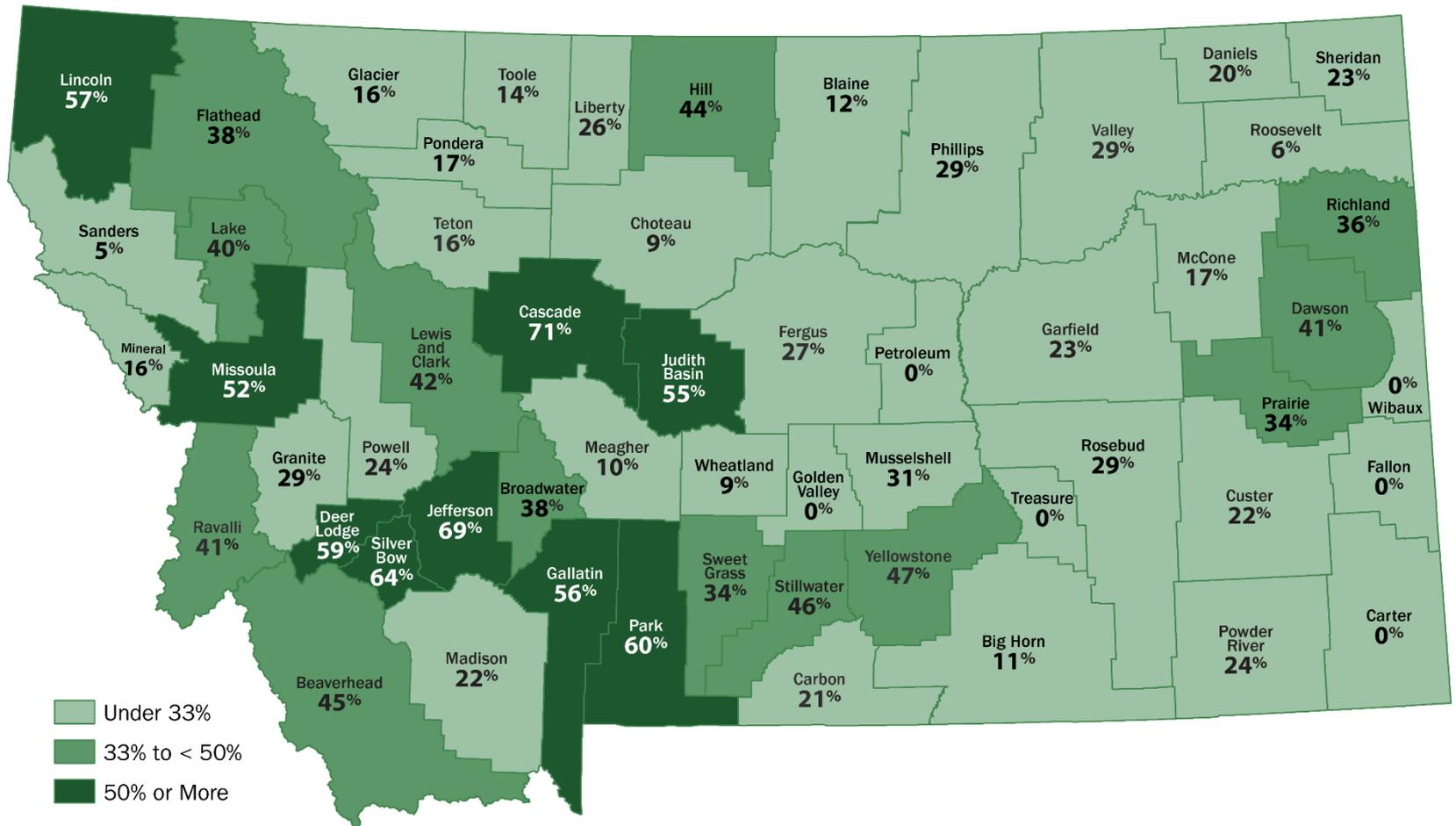
An estimated **6%** of the labor force relies on child care to remain employed.

Yet

Licensed child care capacity meets only about **44%** of the estimated demand.



Shortages Across the State



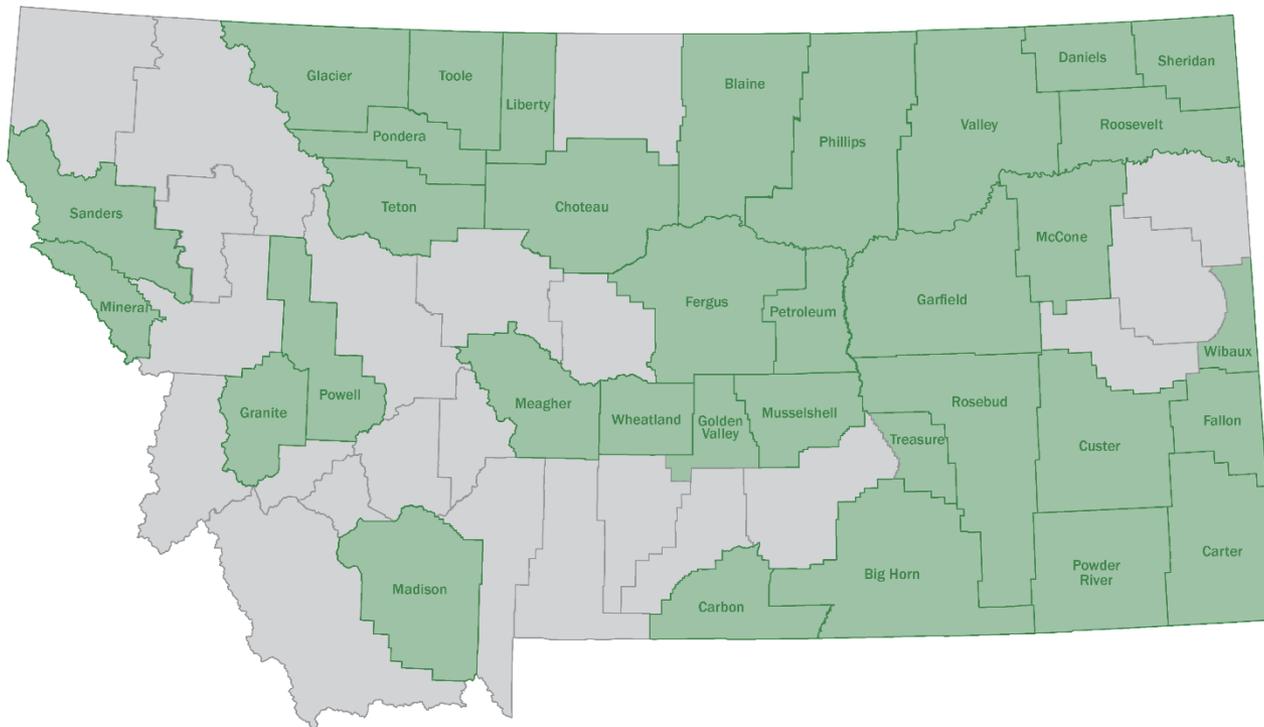
Montana Department of
LABOR & INDUSTRY

Source: DPHHS child care licensing data as of 7/21. Montana Dept of Commerce, CEIC population data. 2015-2019 ACS 5-Year Estimates.



Child Care Deserts

Any geographic area where licensed child care capacity meets *less than a third* of potential demand.



60%

of counties are classified as child care deserts.



Limits to Childcare Expansion

Workforce Shortage

Childcare providers face the same problems as other businesses looking to expand – a lack of available workers.

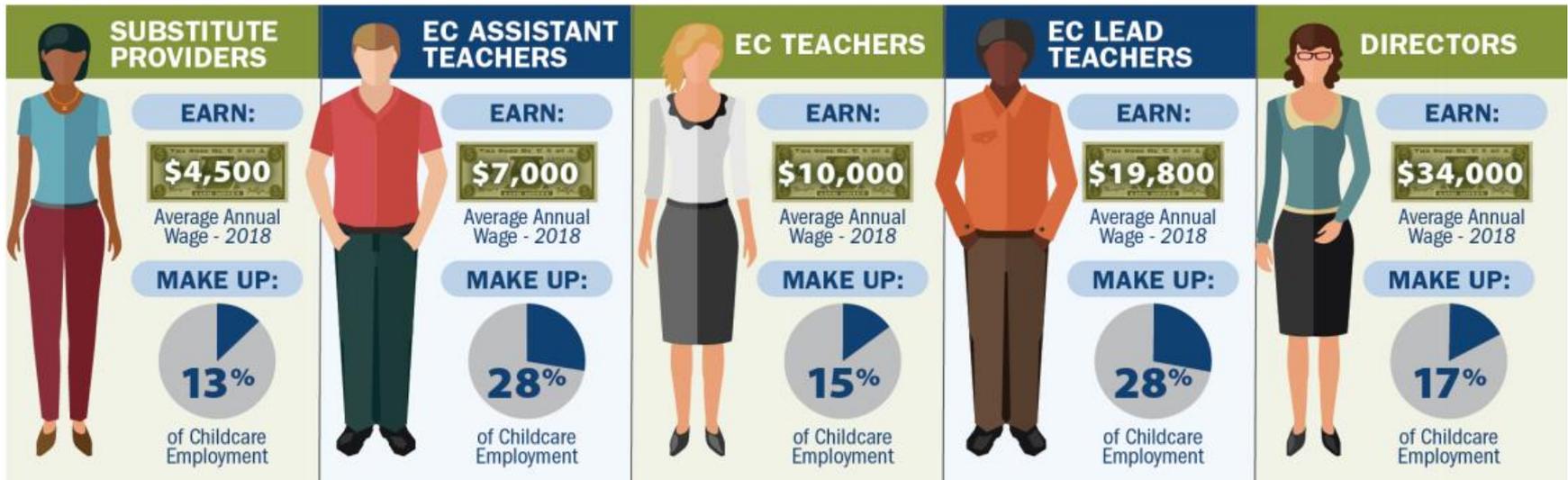


*Unmet childcare demand is both a **CAUSE** and an **EFFECT** of the state's workforce shortage.*



Low Wages for Childcare Workers

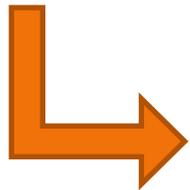
Childcare workers earn about **\$10.99** per hour, which translates to about **\$22,860** a year when working full-time.



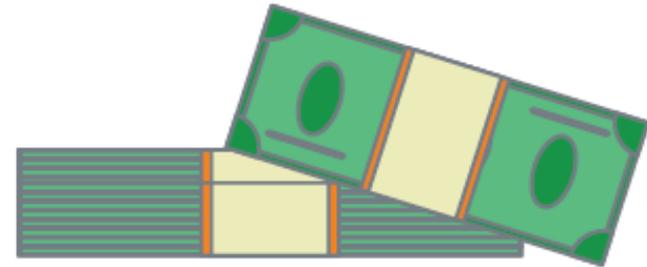


Child Care Affordability

Montana families pay **\$7,900** on average for care for children under the age of five



which translates to **16%** of the state's average wage in 2020.



Cost of full-time daycare for an infant in center-based care is **\$12,750** per year.

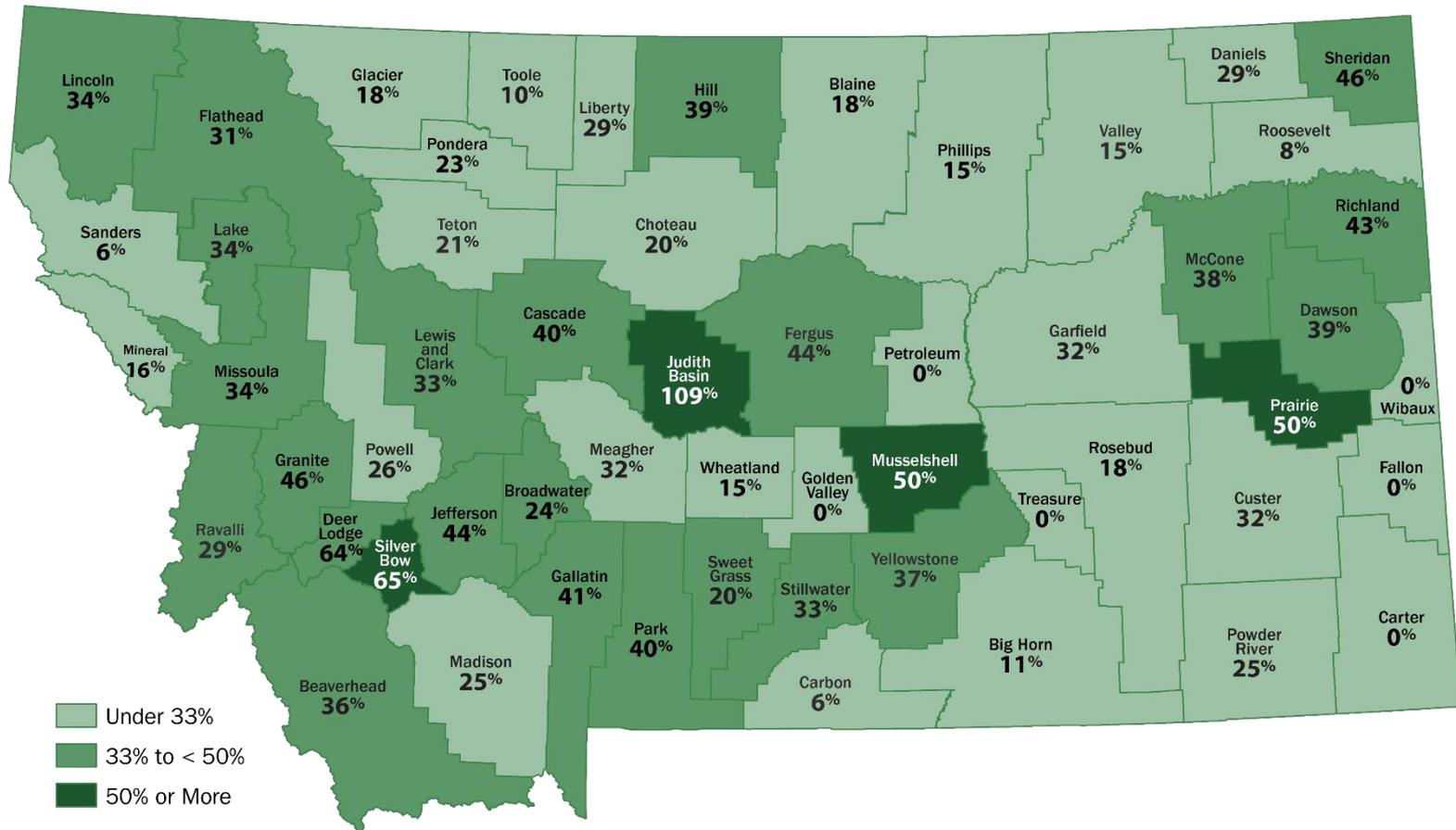


- Cost of in-state tuition for a four-year public college
- Average rent

88% of Montana families cannot afford care.



Shortages in Infant Capacity

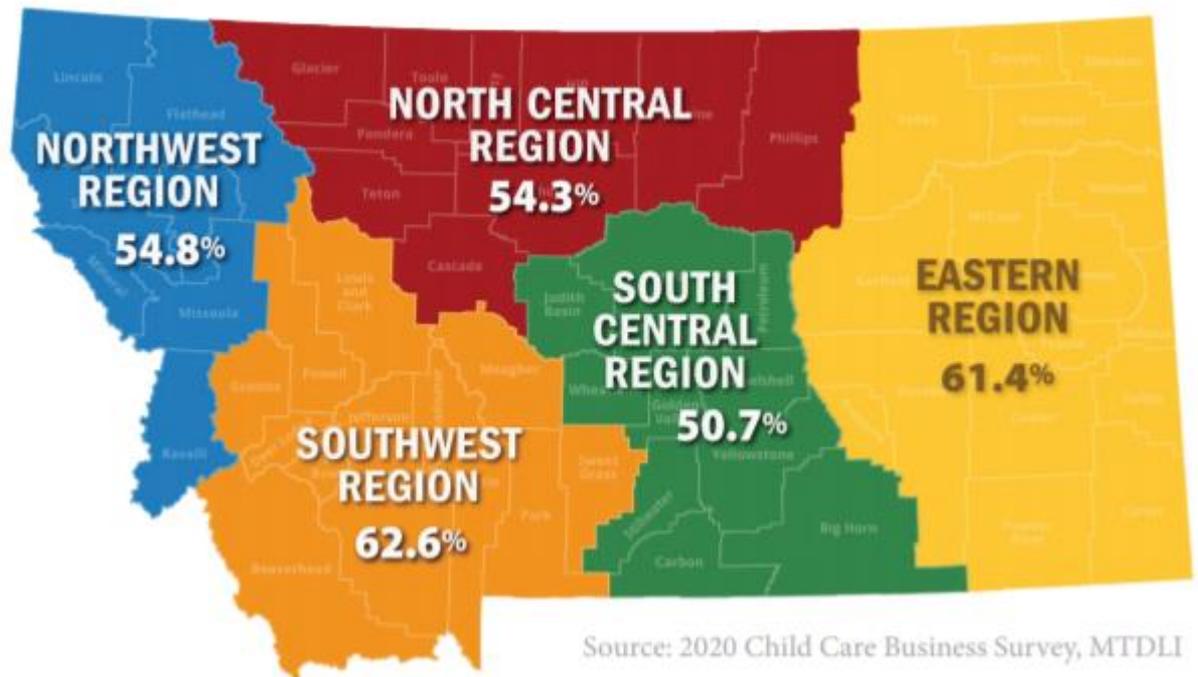




Business Impacts

Percent of Businesses Identifying Lack of Child Care

57% of businesses identify a *lack of affordable child care in their community*, and **60%** stated improving access to child care *should be a priority* for their community.





Business Impacts

40% of businesses report *difficulty recruiting or retaining qualified workers.*

30% of Montana businesses say inadequate child care has prevented their company from growing.

↓ \$55 million lost business revenue annually.



Businesses are Stepping Up

Flexible Work Arrangements (75%)

Paid Parental Leave (13%)

Dependent Care Assistance Plans (15%)

Increased Access to Care

- HR policies (3.8%)
- onsite child care (2.6%)
- backup child care (1.3%)
- subsidized child care, coop, and reserve spaces (<1%)



ECE Business Collaboratory

Data analysis and planning project

Comprehensive stakeholder engagement

- Business and industry leaders
- Employers
- Child Care Experts
- Economic Development Organizations
- Cooperative Development
- Philanthropy/funders
- Early Childhood Organizers
- Chambers of Commerce
- Federal Reserve
- First Children's Finance – national experts
- State agencies



ARPA Funding

Two major pots of ARPA funding directed towards child care in Montana:

- 1. Child Care Stabilization Grants - \$68,075,745**
 - Support existing providers or providers who closed due to COVID pandemic
- 2. Child Care and Development Block Grant (CCDBG) Supplemental Funding - \$42,477,481**
 - Support for child care system
 - Expand capacity/new providers

More info
available at
lmi.mt.gov

Amy Watson

Senior Economist

MT Dept. of Labor and
Industry

awatson@mt.gov

Additional Resources

Child Care Availability

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. "Child Care in Montana." September 2018. MTDLI.

<https://lmi.mt.gov/docs/Publications/EAG-Articles/0918-ChildcareInMontana.pdf>

Business Impacts

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>

Child Care Workforce

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

MTDLI. <https://lmi.mt.gov/docs/Publications/EAG-Articles/0419-Childcare2.pdf>

TO: Interested Individuals
FROM: Amy Watson, Senior Economist, MTDLI
CONTACT: awatson@mt.gov or (406) 444-3245
DATE: July 19th, 2021
SUBJECT: Child Care Statistics in Montana

This memorandum provides a summary of the most recent research conducted by MTDLI and others on the availability of affordable high-quality child care in Montana, and the impact a lack of child care has on Montana businesses and the state's workforce.

Child Care Availability and Affordability

- Licensed child care capacity only meets **44%** of estimated demand in Montana.ⁱ
- There are six counties in Montana without a single licensed provider.ⁱⁱ
- 60% of Montana counties (34 of 56) are considered child care deserts – meaning supply meets less than a third of estimated demand.ⁱⁱⁱ
- Licensed infant care capacity meets 34% of the estimated demand in Montana, making it the most significantly undersupplied form of care in the state.^{iv}
- 43% of child care providers closed in April 2020 as an immediate response to the pandemic and the public health guidelines aimed at limiting the spread of the virus. Most child care providers were able to reopen within a few months at limited capacity.^v
- On average, Montana families pay \$7,900 for care for children under the age of five, which translates to 16% of the state's average wage in 2020. The average cost of full-time daycare for an infant in center-based care is \$12,750 per year, which is the most expensive form of care.^{vi}

Workforce Impacts

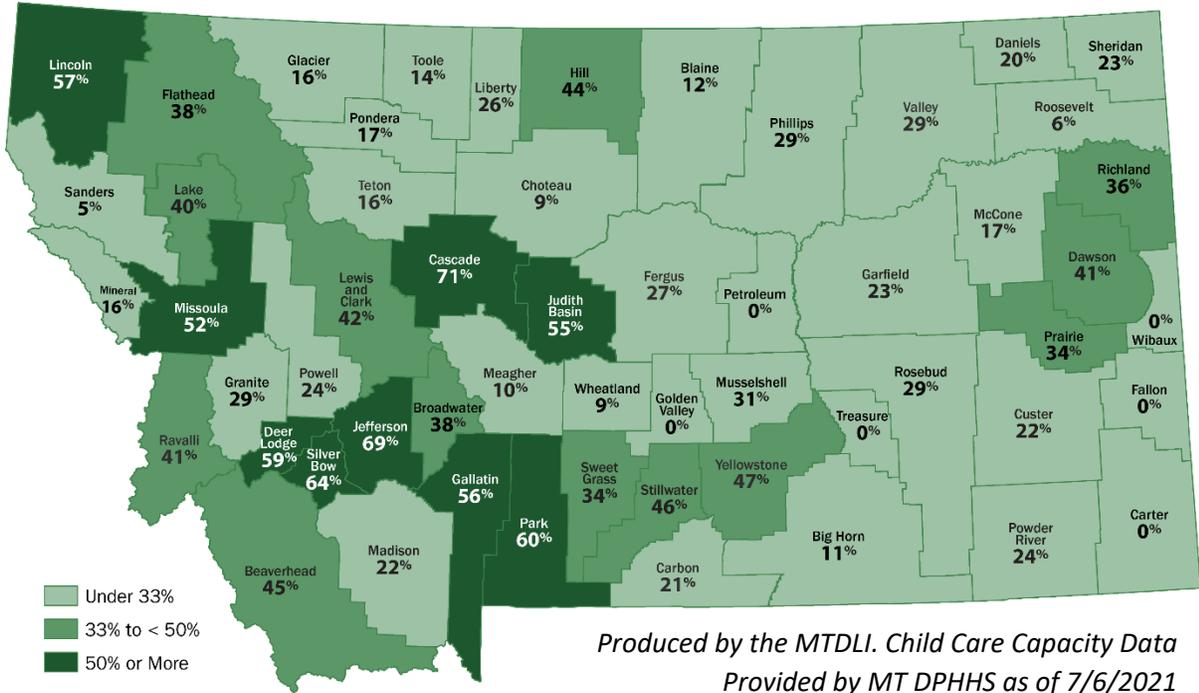
- An average of 54,000 Montana parents worked reduced hours in the first half of 2021– which translates to 10% of the state's labor force.^{vii}
- 32,000 parents were absent from work or were working part-time instead of full-time due to a lack of child care or the need to monitor remote learning in 2021.^{viii}
- 62% of Montana parents missed time from work due to inadequate child care in 2019.^{ix}
- Montana households with children ages 0-5 lose an average of \$5,700 in wages annually due to inadequate childcare.^x
- Taxpayers lose a total of \$32 million dollars annually due to inadequate child care. The federal government loses almost \$23 million annually in lower income tax receipts, while the State of Montana loses \$9 million annually in income tax receipts.^{xi}

Business Impacts

- 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.^{xii}
- 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%).^{xiii}
- 40% of all Montana businesses have difficulty recruiting and retaining a qualified workforce due to a lack of child care.^{xiv}
- Inadequate child care has prevented 30% of Montana businesses from growing.^{xv}

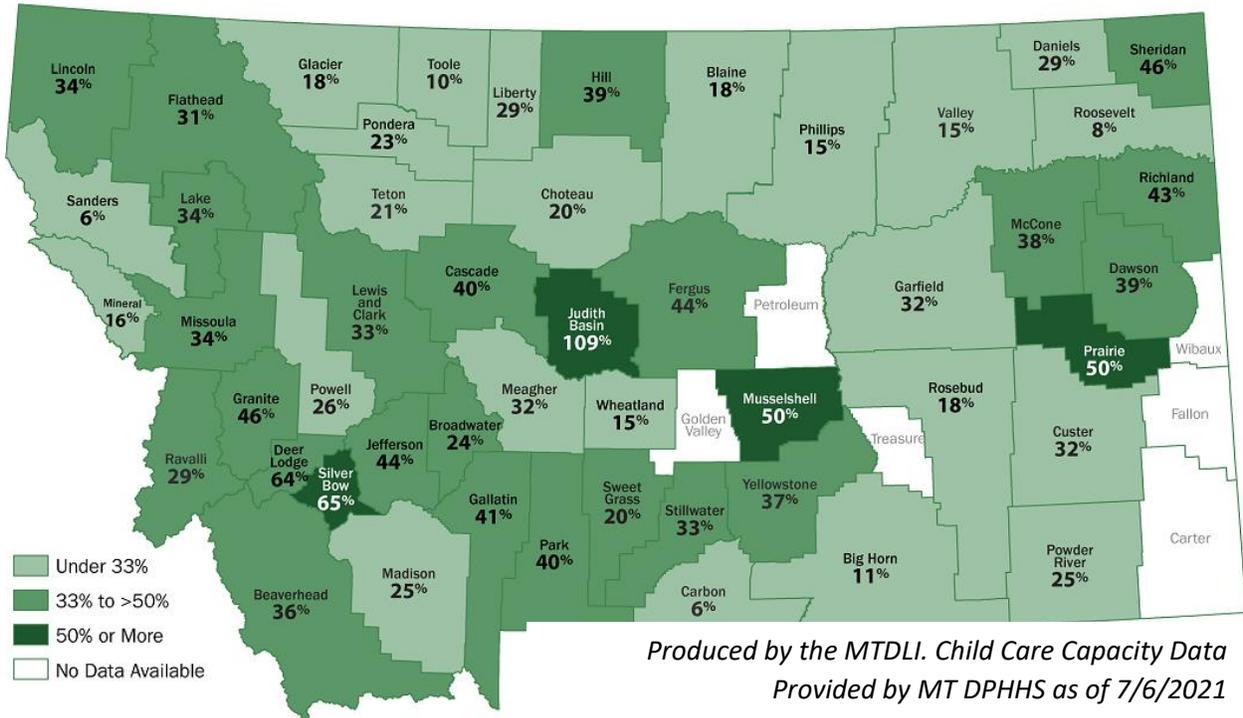
- A lack of child care disproportionately impacts businesses with a predominately female workforce. Half of all businesses in Montana employing primarily women reported recruitment and retention difficulties due to a lack of child care.^{xvi}

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



Produced by the MTDLI. Child Care Capacity Data Provided by MT DPHHS as of 7/6/2021

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



Produced by the MTDLI. Child Care Capacity Data Provided by MT DPHHS as of 7/6/2021

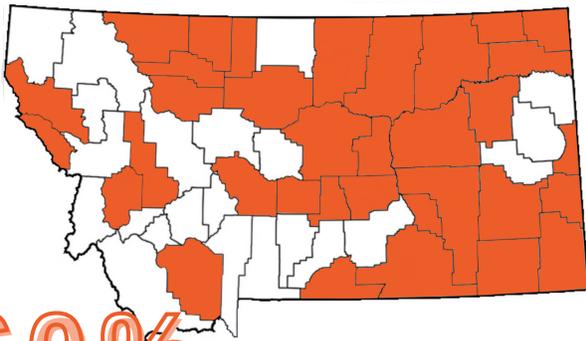
-
- ⁱ Calculation based on 2014-2019 ACS 5-Year Estimates and licensed child care capacity in July 2021 as reported by Montana Department of Health and Human Services.
- ⁱⁱ Montana Department of Health and Human Services, child care licensing database as of 7/21.
- ⁱⁱⁱ DPHHS child care licensing data as of 7/21. 2014-2019 ACS 5-Year Estimates.
- ^{iv} 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.
- ^v Montana Department of Health and Human Services, child care licensing database.
- ^{vi} “Lost Possibilities: The Impacts of Inadequate Child Care on Montana Families, Employers, and Economy” University of Montana Bureau of Business and Economic Research, September 2020.
- ^{vii} Current Population Survey, IPUMS monthly extract June 2021. Number of Montana parents who reported working reduced hours in the past week.
- ^{viii} Current Population Survey, IPUMS monthly extract June 2021. Calculated as the number of people who were absent from work in the last week or were working part-time instead of full-time due to a lack of child care and/or family responsibilities.
- ^{ix} “Lost Possibilities” University of Montana BBER, September 2020.
- ^x “Lost Possibilities” University of Montana BBER, September 2020.
- ^{xi} “Lost Possibilities” University of Montana BBER, September 2020.
- ^{xii} “Lost Possibilities” University of Montana BBER, September 2020.
- ^{xiii} “Impacts of Child Care on the Montana Workforce: Results from a Survey of Montana Businesses” Montana Department of Labor and Industry, November 2020.
- ^{xiv} “Impacts of Child Care on the Montana Workforce” MTDLI, November 2020.
- ^{xv} “Impacts of Child Care on the Montana Workforce” MTDLI, November 2020.
- ^{xvi} “Impacts of Child Care on the Montana Workforce” MTDLI, November 2020.

IMPACTS OF CHILD CARE ON MONTANA'S WORKFORCE

CHILD CARE AVAILABILITY & AFFORDABILITY

ONLY 44%

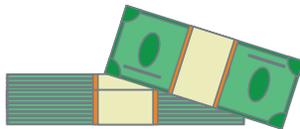
 of estimated demand is being met by licensed child care.^[i]



60%

of Montana counties are considered child care deserts, where supply meets less than a third of estimated demand.^[ii]

\$7,900



the average annual amount a Montana family pays for care for children under the age of five.^[iii]



That's 16% of the state's average wage in 2020.^[iii]

WORKFORCE & BUSINESS IMPACTS

40%

of all Montana businesses have difficulty recruiting and retaining a qualified workforce due to a lack of child care.^[vi]

**WE ARE
HIRING**

30%

of Montana businesses have not been able to grow because of inadequate child care.^[vi]

54,000

Montana parents worked reduced hours in the first half of 2021, which accounts for 10% of the workforce.^[v]



32,000

parents were absent from work or were working part-time instead of full-time due to a lack of child care or the need to monitor remote learning in 2021.^[iv]



MONTANA'S CHILD CARE BUSINESS ECOSYSTEM

Recognizing Child Care's Impact on Montana's Economy

An analysis of Montana's early childhood education ecosystem, conducted by a diverse set of early childhood education experts and stakeholders, uncovered gaps in consultation, supply building, public-private partnerships, facilities and workforce strategies that are hindering the development of a sustainable, adequate supply of child care throughout the state.

Diverse Stakeholder Engagement

Strategies developed in partnership with:

- Economic Developers
- Business Leaders
- Community Development Organizations
- Private Philanthropy
- State Agencies
- Child Care Experts
- Nationally Recognized Experts in Child Care Business Development



Strategies to Strengthen Child Care

- 1 - Support the development of community-led and employer-sponsored solutions.
- 2 - Provide training and consultation to child care entrepreneurs.
- 3 - Strengthen workforce pathways.
- 4 - Provide resources on utilizing innovative and applicable models, such as developing child care facilities within community hubs or using a cooperative child care model.

