

Childcare Workforce Study

September 2022

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Outline

- Analysis of childcare workforce data from BLS – Riley Zipper
- Analysis of key findings from ELI childcare workforce survey – Matt Kinghorn
- Questions and Discussion

Workforce Analysis with BLS Data

Quarterly Census of Employment and Wages
Occupational Employment and Wage Statistics

The data

- Monthly and quarterly employment headcounts by state and sub-state regions (Economic Growth Regions and metros)
- For the industry **Child Day Care Services (NAICS = 624410)** and related industries
- From 2017 through Q1 of 2022 (latest data available)
- From the Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW)



What's in this industry?

- This industry comprises **establishments primarily engaged in providing day care of infants or children**. These establishments generally care for preschool children but may care for older children when they are not in school and may also offer pre-kindergarten and/or kindergarten educational programs.
- Examples:
 - Child day care babysitting services
 - Nursery schools
 - Child or infant day care centers
 - Preschool centers
- Via [NAICS.com](https://www.naics.com)

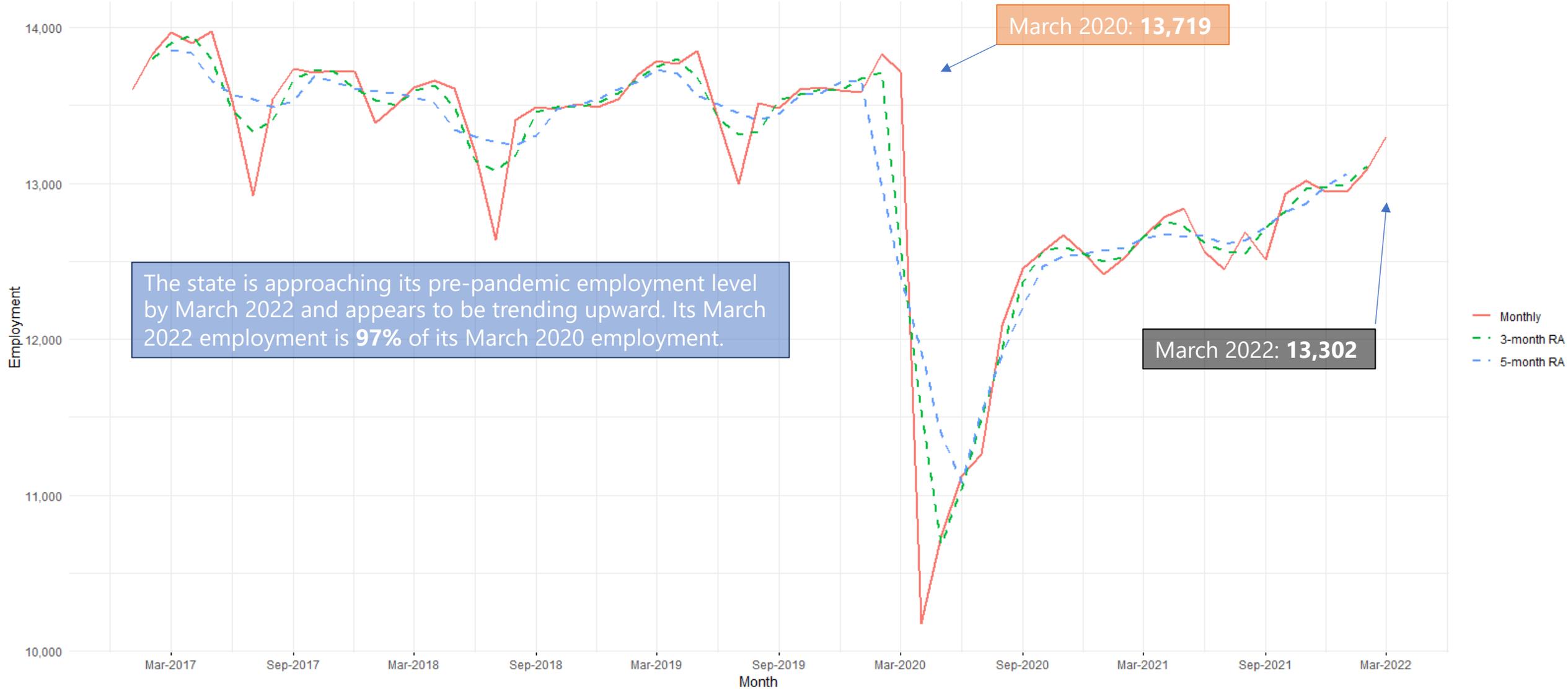
By Month

Highlights

- Statewide, the childcare industry has not yet recovered from its pre-pandemic employment level as of March 2022—**but it's getting there**
 - Its March 2022 employment is **97% of its March 2020** employment of 13,719, **and is trending up**
- **Fall 2021 and winter 2022** have shown the **greatest** employment growth for the industry since the pandemic lockdown was lifted in summer 2020
- In 3 EGRs, employment has **surpassed** pre-pandemic levels:
 - **EGRs 1** (northwest IN), **5** (Indy donut counties), and **9** (south-central IN)
- Marion County is struggling the most and is **not even close** to recovering to pre-pandemic levels

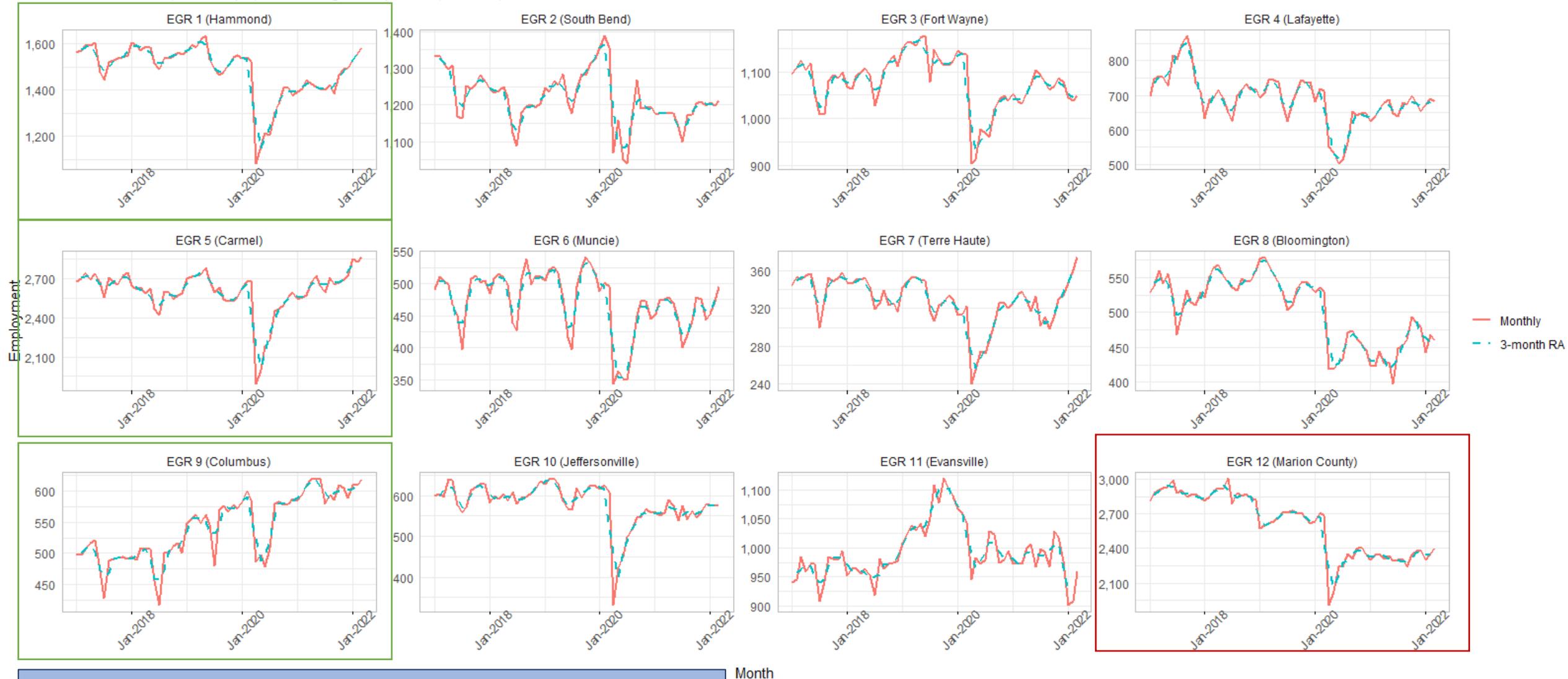
Indiana monthly employment in daycares, Jan. 2017 to Dec. 2021

A rolling average "smooths" short-term fluctuations in time series data. The 3-month rolling average employment for October 2021, for example, is an average of September, October, and November 2021.



Monthly employment in daycares by EGR (largest city), Jan. 2017 to March 2022

A rolling average "smooths" short-term fluctuations in time series data. The 3-month rolling average employment for October 2021, for example, is an average of September, October, and November 2021.



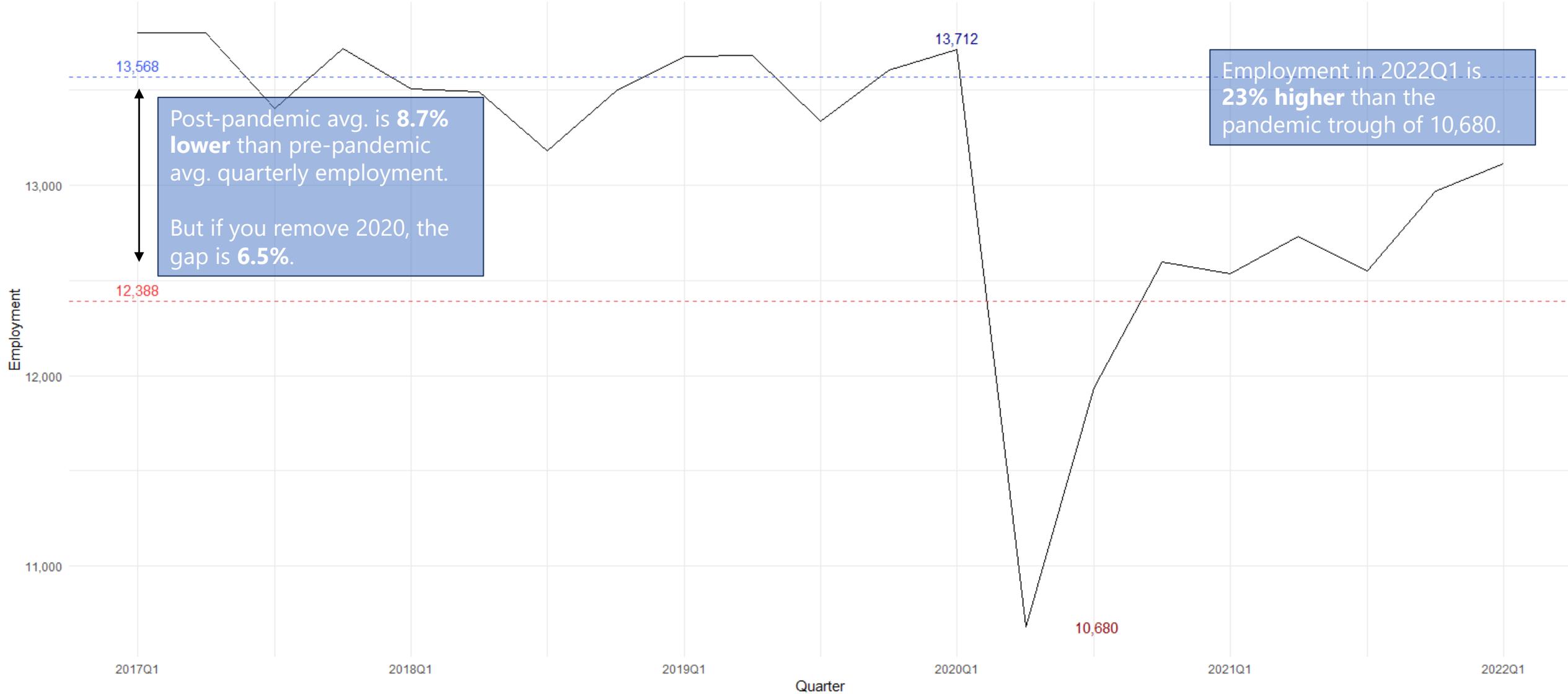
Only EGRs 1, 5, and 9 have returned to pre-pandemic employment, while Marion County is struggling to regain a fraction of its pre-pandemic employment.

Note: EGR 5 consists of the "donut" counties surrounding Marion County, while EGR 12 is only Marion County. Source: BLS QCEW

By Quarter

Indiana quarterly employment in daycares, 2017 Q1 to 2022 Q1

On average, the daycare industry shed **8.7%** of jobs **post-pandemic** compared to **pre-pandemic**.

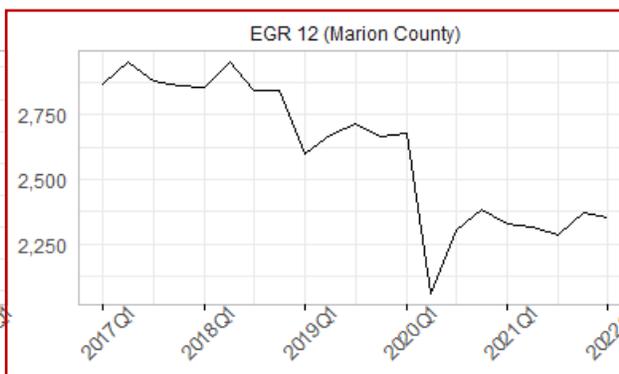
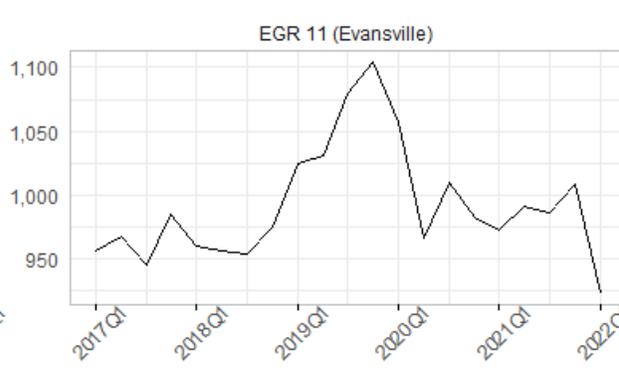
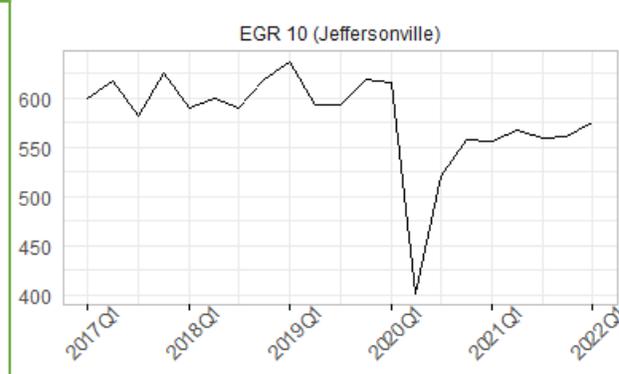
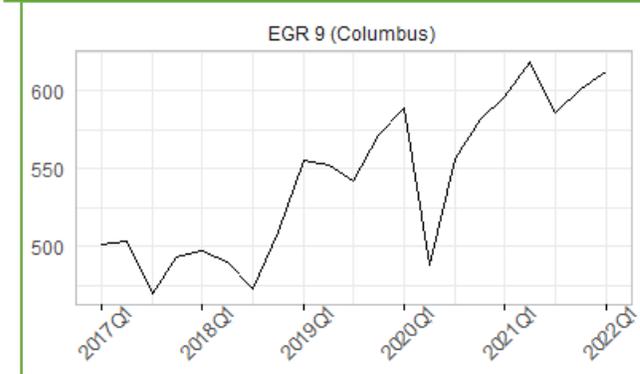
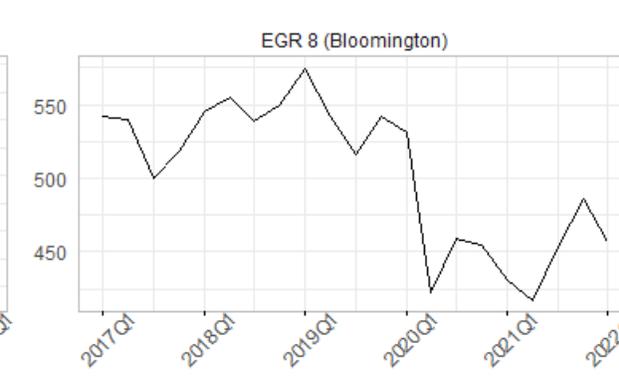
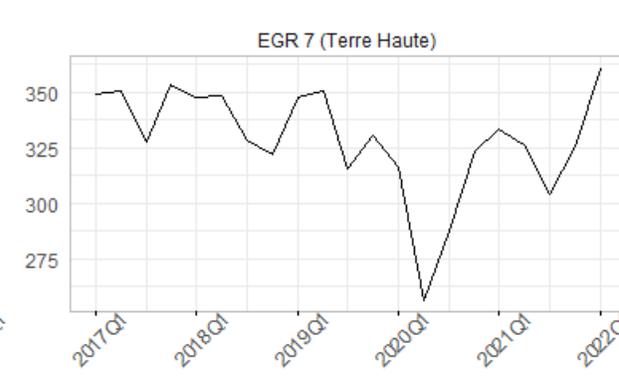
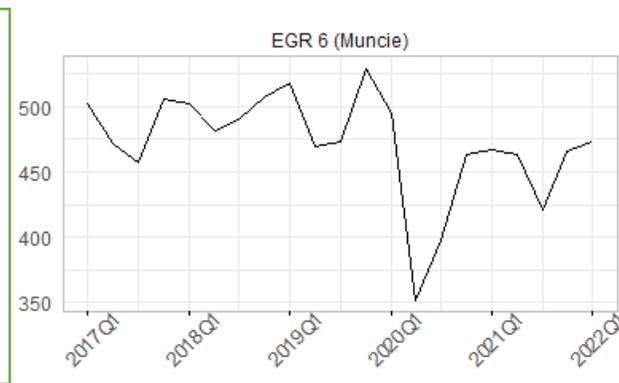
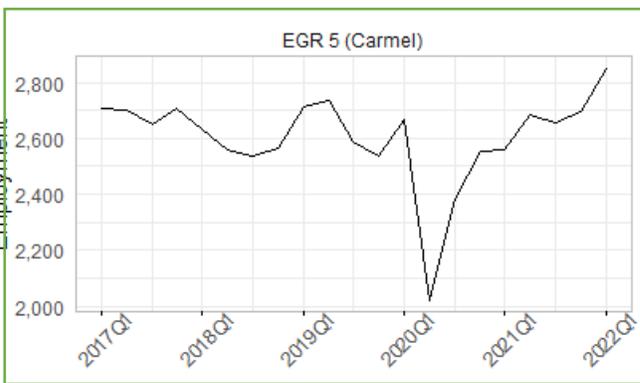
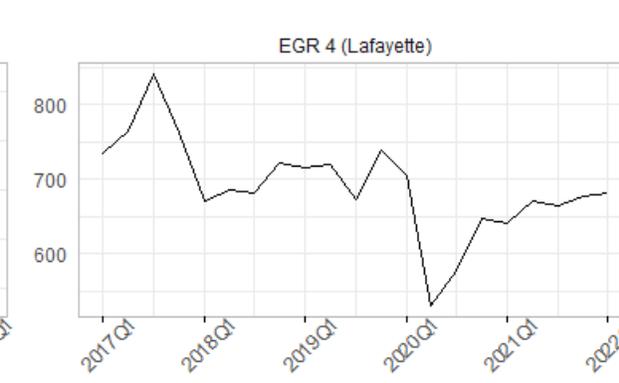
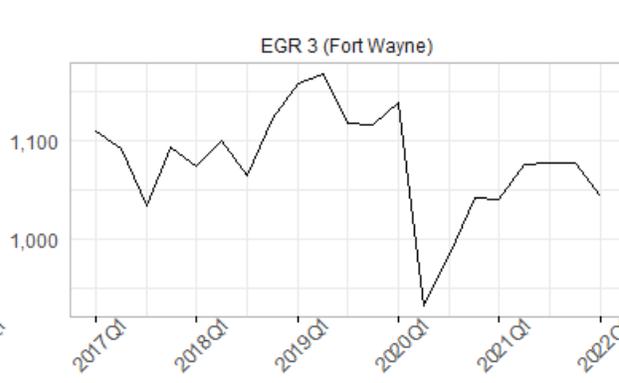
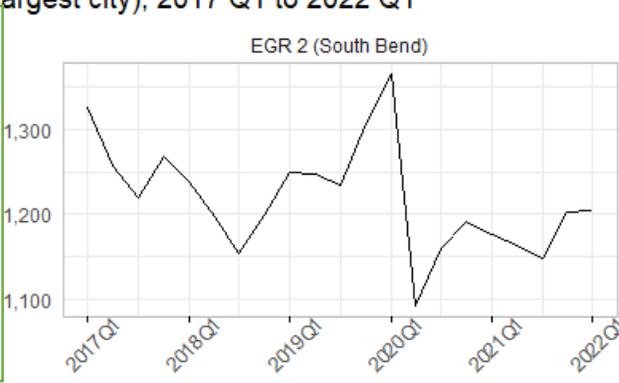


Post-pandemic avg. is **8.7%** **lower** than pre-pandemic avg. quarterly employment.
But if you remove 2020, the gap is **6.5%**.

Employment in 2022Q1 is **23% higher** than the pandemic trough of 10,680.

Source: BLS QCEW
The **pre-pandemic** period is 2017 Q1 to 2020 Q1, while the **post-pandemic** period is 2020 Q2 to 2022 Q1.

Quarterly employment in daycares by EGR (largest city), 2017 Q1 to 2022 Q1



The same trends from the monthly data hold true here: only EGRs 1, 5, and 9 have recovered employment since the pandemic.

Note: EGR 5 consists of the "donut" counties surrounding Marion County, while EGR 12 is only Marion County. Source: BLS QCEW

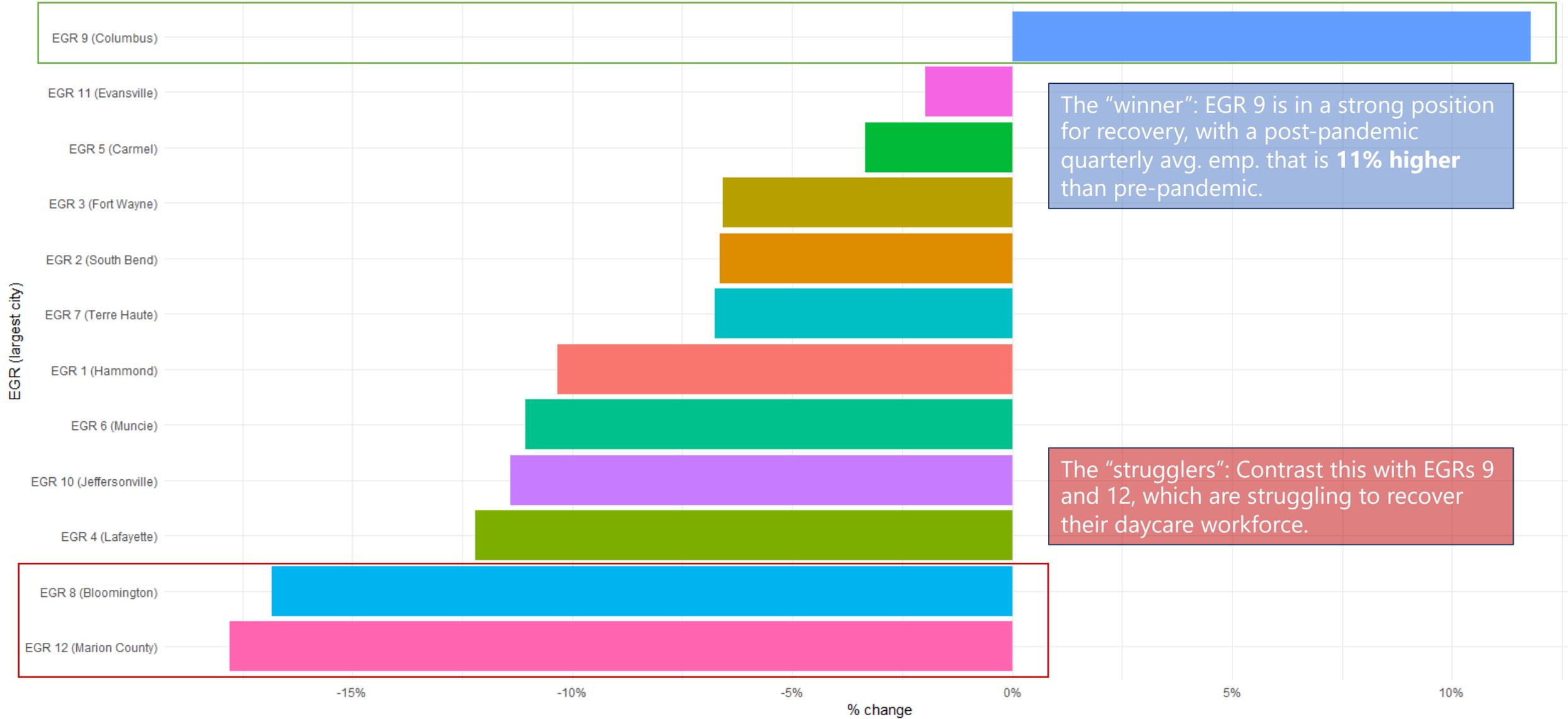
Regional variations pre- and post-pandemic

Highlights

- When you average quarterly daycare employment into two periods,
 1. *pre-pandemic* (2017Q1 to 2020Q1)
 2. *post-pandemic* (2020Q2 to 2022Q1) ...
- Only **1 EGR**, 9 (south-central IN, Bartholomew and surrounding counties), had employment growth **higher during the post-lockdown period** than the pre-pandemic period
- All other EGRs, and all metros besides the Columbus metro, have had much slower recoveries, if they've had a recovery at all

Percent change in daycares average quarterly employment, pre- to post-pandemic, by EGR

All EGRs—except for EGR 9—lost employment from the pre- to post-pandemic periods.



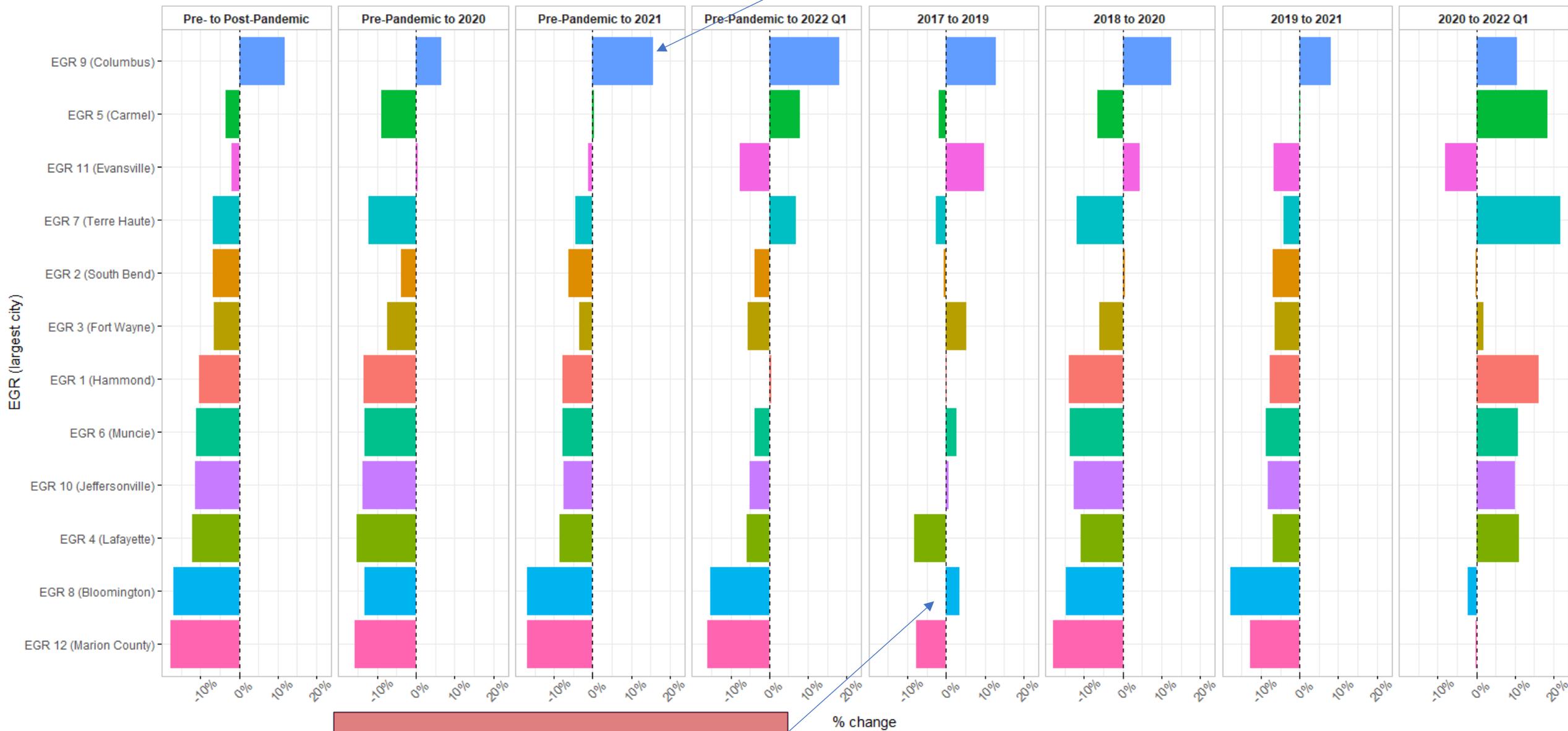
The "winner": EGR 9 is in a strong position for recovery, with a post-pandemic quarterly avg. emp. that is **11% higher** than pre-pandemic.

The "strugglers": Contrast this with EGRs 9 and 12, which are struggling to recover their daycare workforce.

Pre-pandemic: 2017 Q1 to 2020 Q1
 Post-pandemic: 2020 Q2 to 2022 Q1

Percent change in average daycare employment by Economic Growth Region

2021 was a stellar year for EGR 9 compared to pre-pandemic



compared to the other "strugglers".

Pre-pandemic: 2017 Q1 to 2020 Q1
Post-pandemic: 2020 Q2 to 2022 Q1

Source: BLS QCEW

Percent change in daycare employment by EGR

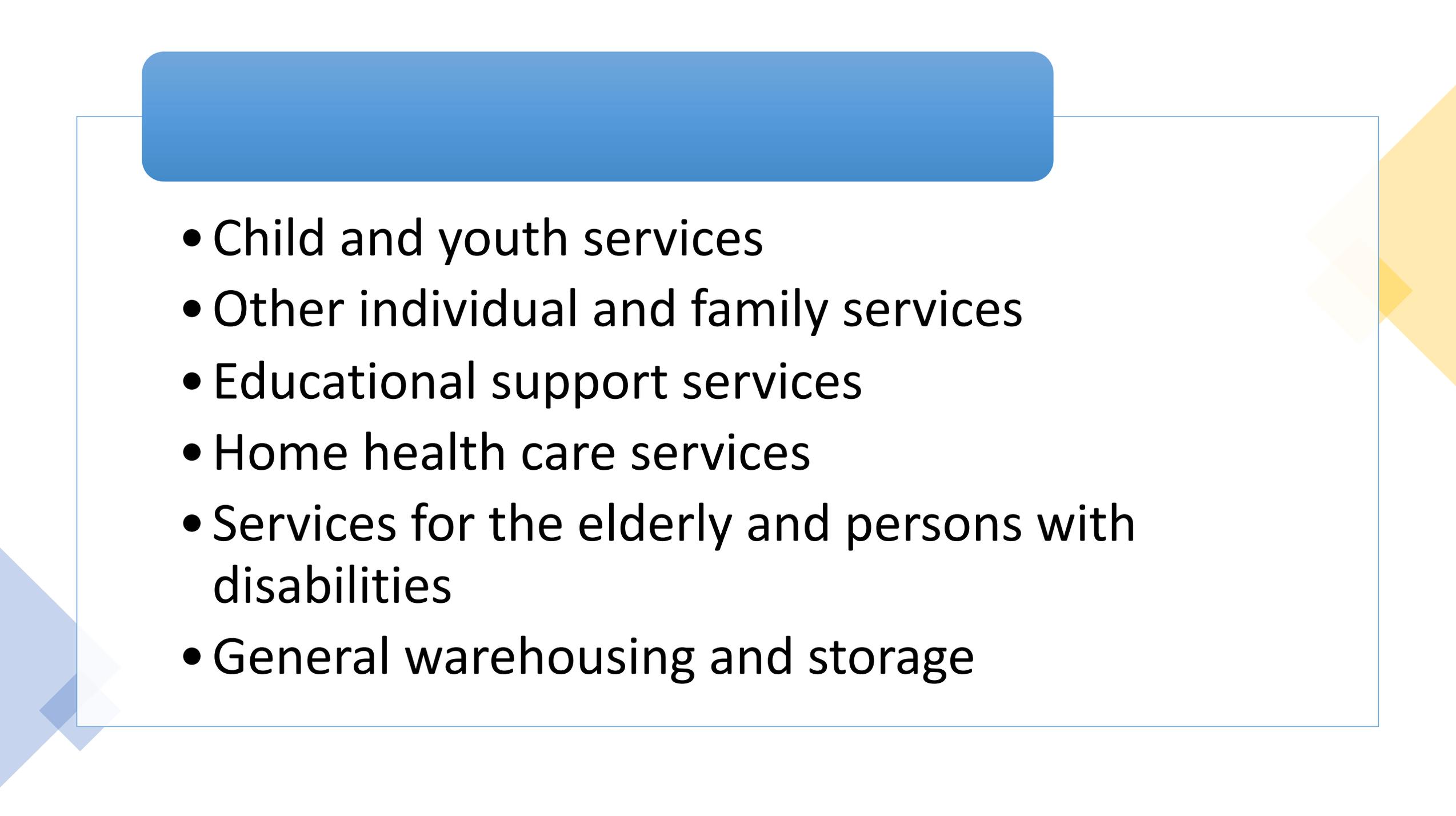
Dashed lines are Indiana statewide change



Comparison with other industries

Industry comparison

- These industries were selected because they likely draw from the same labor pool as **child daycare services**
- Also included general warehousing and storage (e.g., Amazon distribution centers) as it's one of the state's fastest-growing industries

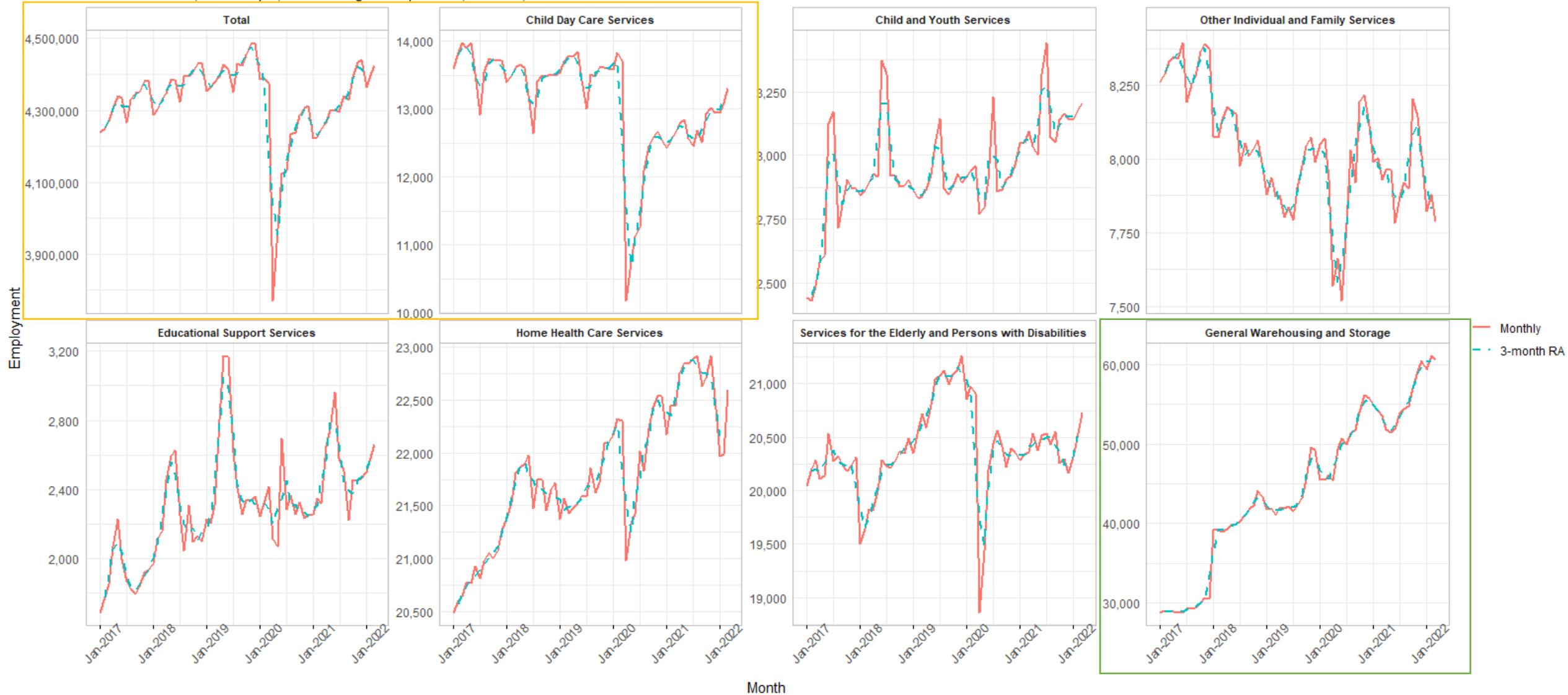
- 
- Child and youth services
 - Other individual and family services
 - Educational support services
 - Home health care services
 - Services for the elderly and persons with disabilities
 - General warehousing and storage
- 

Highlights

- Over these time periods,
 1. *pre-pandemic* (2017Q1 to 2020Q1)
 2. *pandemic lockdown* (2020Q1 to 2020Q2)
 3. *post-lockdown* (2020Q2 to 2022Q1) ...
- Daycares had a **greater** loss during the lockdown period and have had **slower recoveries** across virtually all EGRs compared to most of the comparison industries
 - Only Other Individuals and Family Services has had a slower recovery on a monthly basis

Indiana monthly employment, total and industries of interest, Jan. 2017 to Mar. 2022

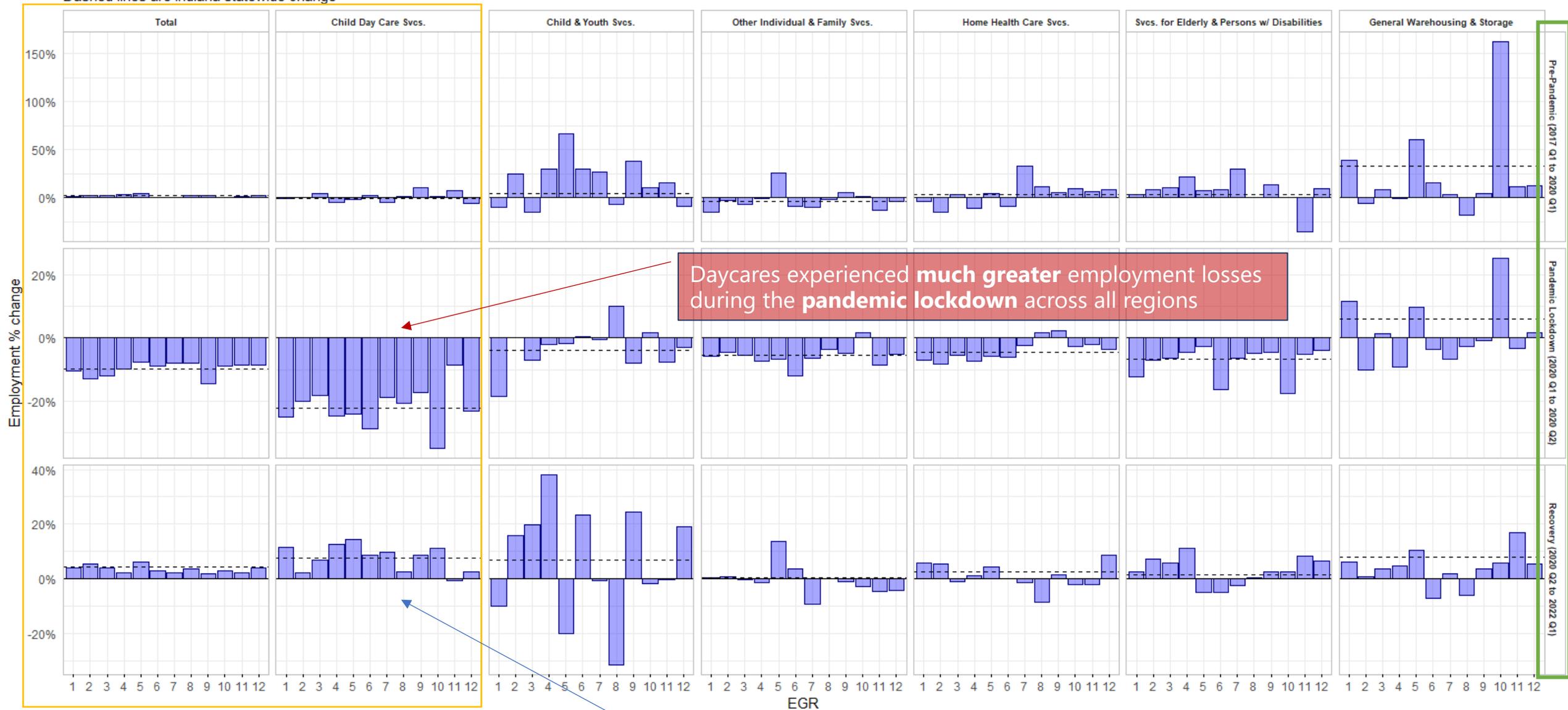
A rolling average "smooths" short-term fluctuations in time series data. The 3-month rolling average employment for October 2021, for example, is an average of September, October, and November 2021.



Source: BLS QCEW

Percent change in employment in daycares and other industries of interest by EGR

Dashed lines are Indiana statewide change



The industry's **growth during recovery** was not substantial enough to compensate for **declines during the lockdown**

Wage and occupation analysis

BLS Occupational Employment
and Wages (OEWS)

Highlights

- When we look at *occupations*, **Childcare Workers** have had lower wage increases than most other jobs in Indiana: **only 6.5% between 2019 and 2021**, without adjusting for inflation
- However, this has outpaced wage increases for some similar occupations, like K-12 teachers
- In terms of employment, childcare workers statewide have been **flat** from 2019 to 2021, but in some northern EGRs—like 1 (northwest IN), 2 (north-central IN), and 3 (northeast IN)—employment has grown significantly

The data

- Quarterly headcounts and wages **for occupations** by state and sub-state region, and by industry
- For the occupation **Childcare Workers (SOC 39-9011)** and related occupations
- From 2019 through 2021 (latest data available)
- From the Bureau of Labor Statistics Occupational Employment and Wages Survey (BLS OEWS)

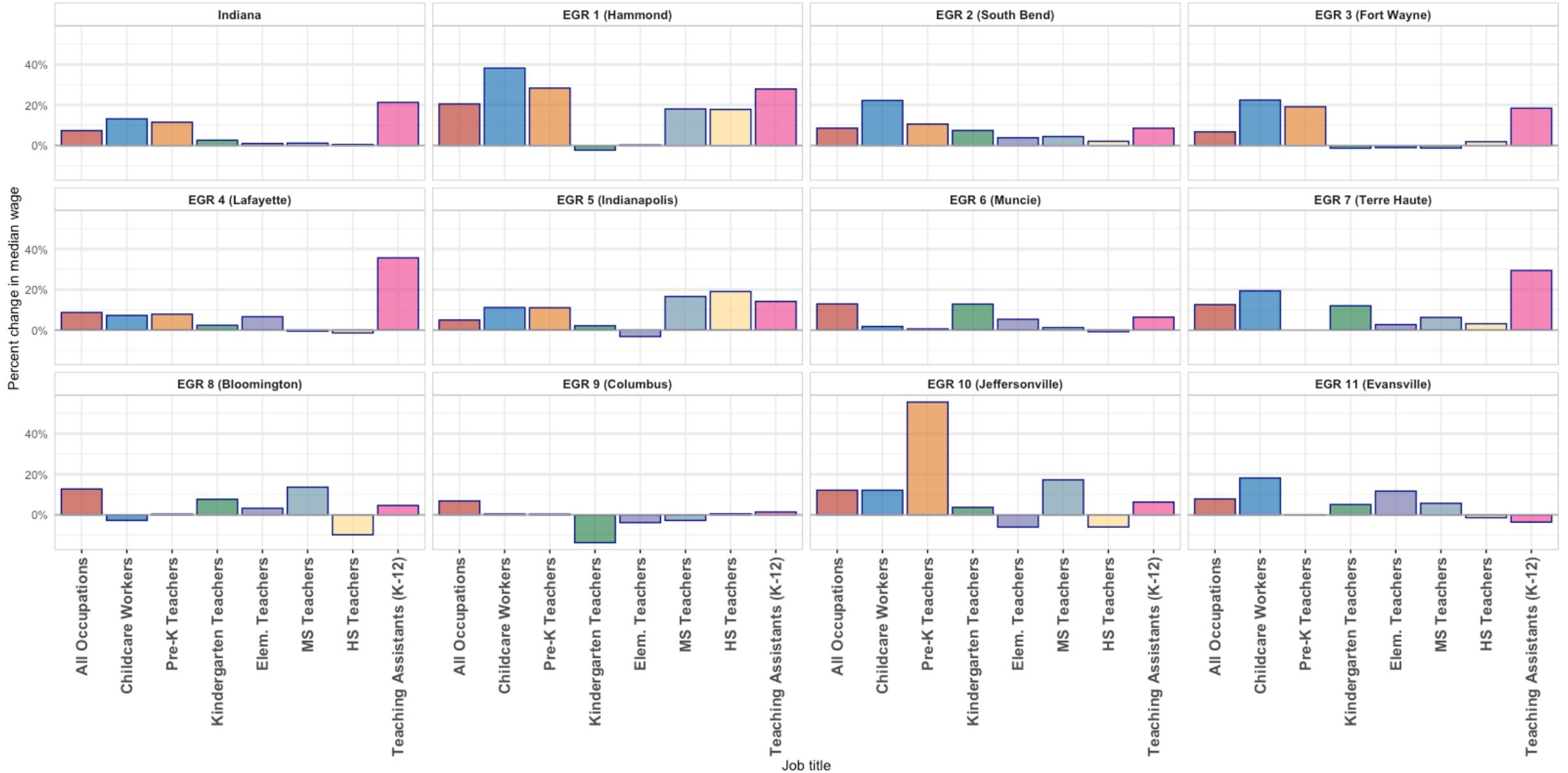
Median wages for all occupations, Childcare Workers, and related occupations in Indiana by year

On average, Childcare Workers and Pre-K Teachers received higher raises than K-12 teachers from 2019 to 2021 across most regions.



Wage growth for **all jobs**, **childcare workers**, and related occupations statewide and by EGR (largest city), 2019 to 2021

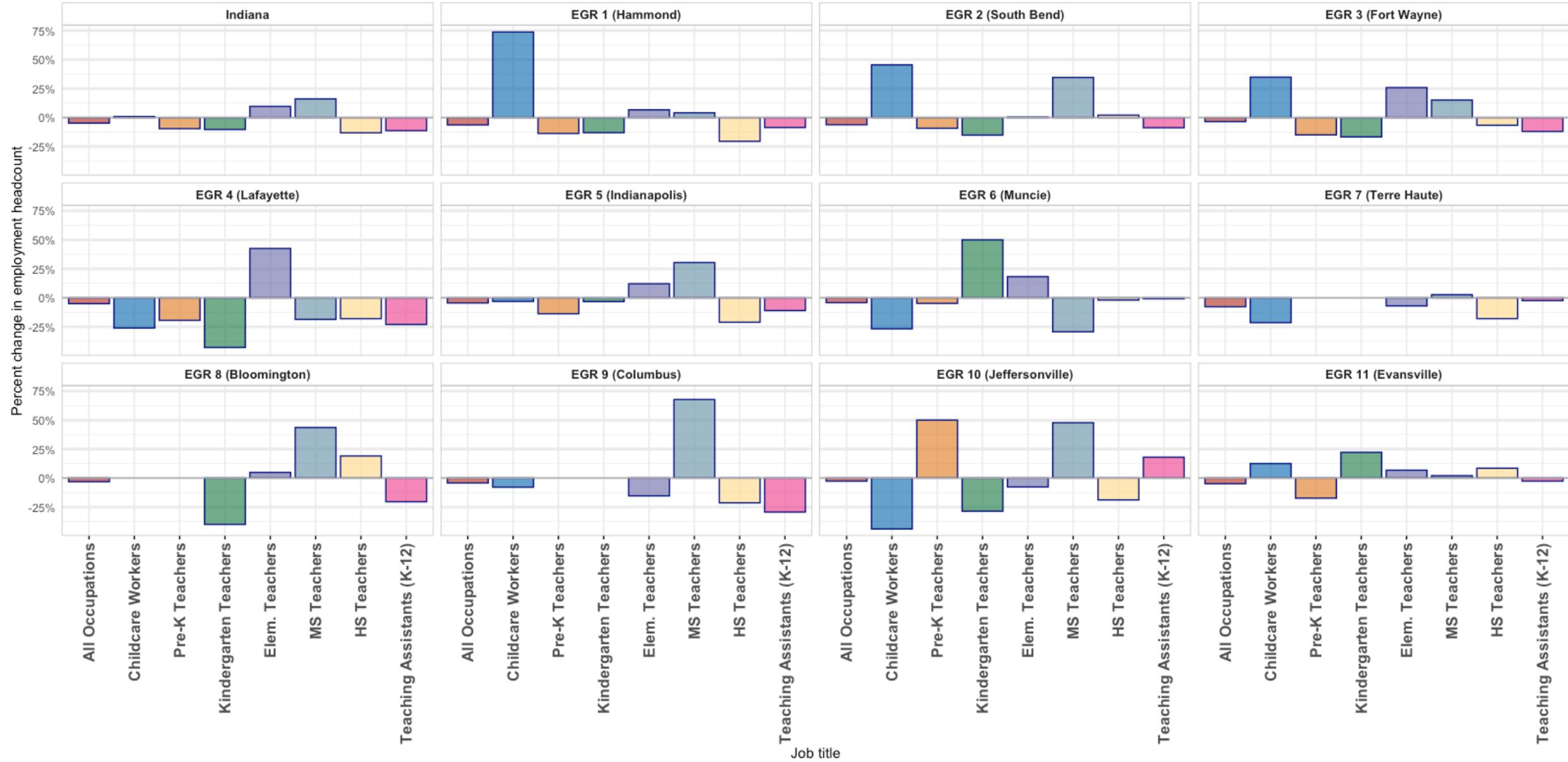
In many regions and statewide, raises for **childcare workers** outpaced those for K-12 teachers and **all jobs** in total during the two-year period. However, on average, they lagged **teaching assistants**, whose statewide median wage in 2021 was about \$4K greater than **childcare workers**.



Employment change for **all jobs**, **childcare workers**, and related occupations statewide and by EGR (largest city), 2019 to 2021

In almost every region, employment growth for **childcare workers** has outpaced **all jobs** in total. However, most regions have had employment declines overall and in these jobs in particular, which may be emblematic of declining labor force participation we've seen across the board.

**Note that Pre-K Teachers in EGR 9 have been removed because its estimate (140% growth) was too heavily influencing the scale of the graph.*



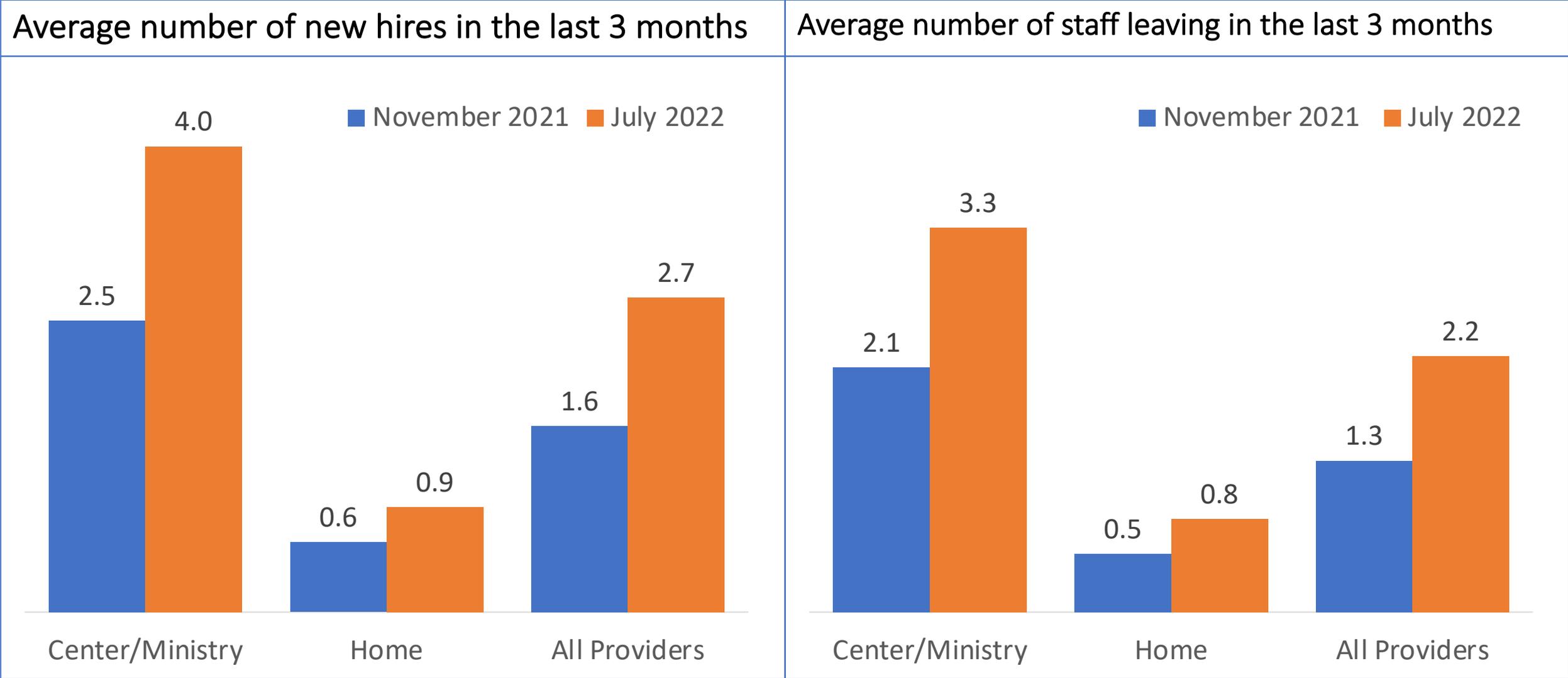
Key Findings from ELI Child Care Workforce Survey

Results from July 2022 Survey
Update

Highlights

- Compared to November 2021 survey, child care providers are seeing higher rate of staff turnover.
- While both new hires and departures are up, the ratio of hires to departures is unchanged from November 2021
- Most centers and ministries report having job openings
- Most child care providers continue to say that staffing shortages prevent them from operating their programs at their best
- Due to ongoing staffing shortages, a significantly greater share of centers and ministries now report operating at decreased capacity
- On average, centers and ministries report forfeiting 30 seats per provider in July 2022

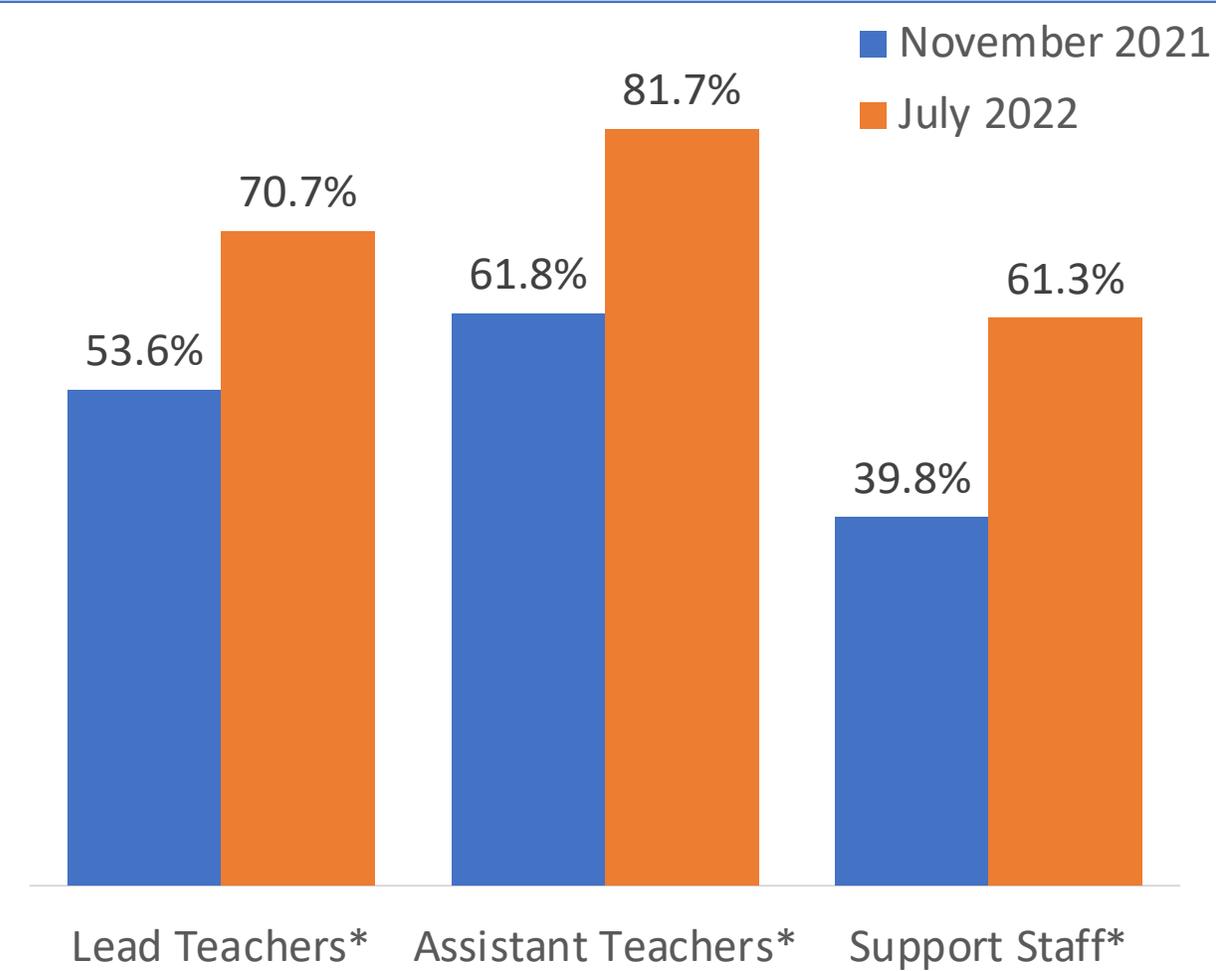
According to survey respondents, there is a higher rate of staff turnover in July 2022 than in November 2021. While both hiring and staff departures have increased across the board, the ratios of new hires to departures is essentially unchanged between the two surveys (roughly 1.2 hires per departure for each provider type)



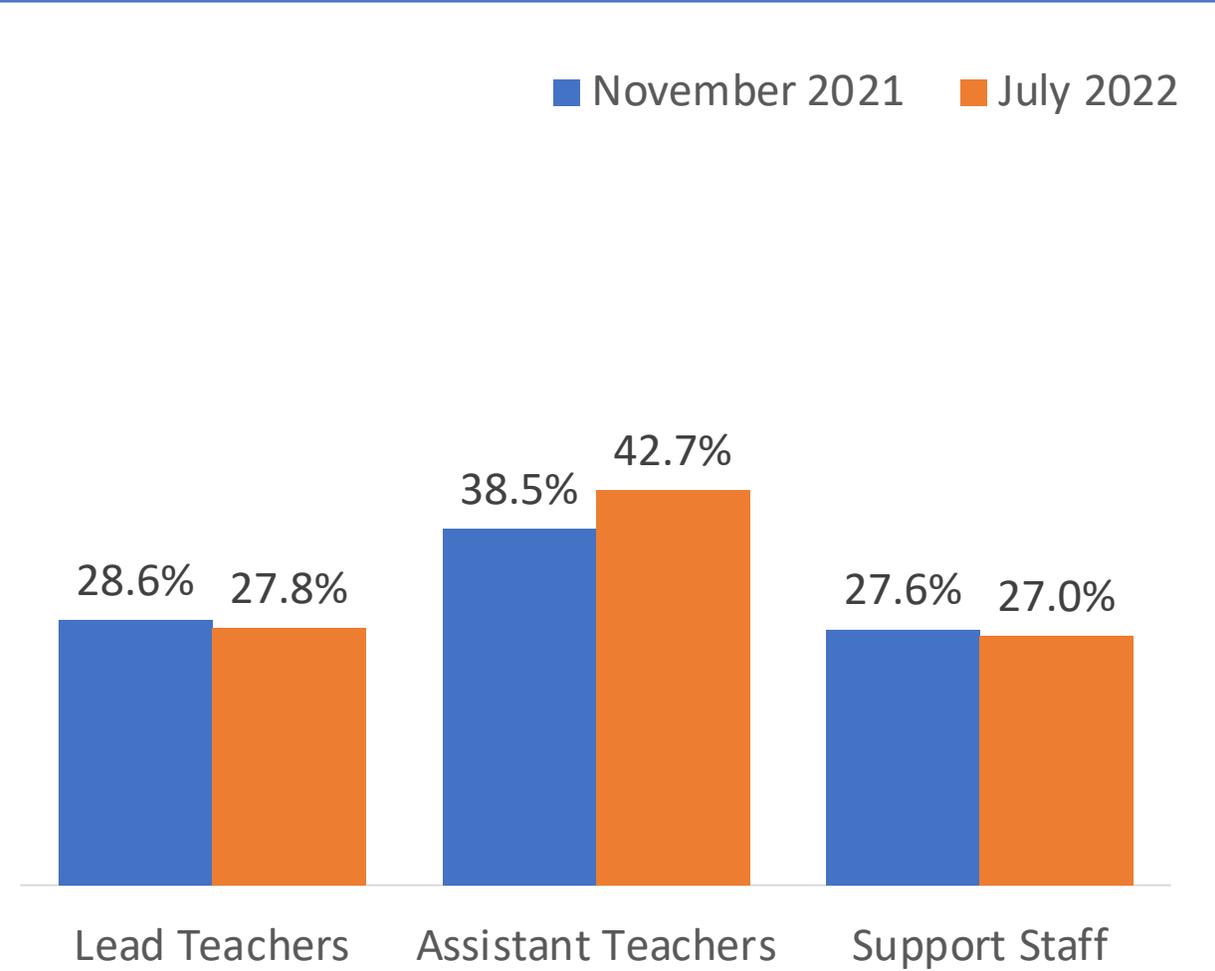
Note: survey responses limited to providers at PTQ levels 3 and 4

Most centers and ministries report that they have open positions. The sharp increases in open positions over the November 2021 survey for these providers could indicate both the greater difficulty in finding qualified staff and typical seasonality in staffing.

% of Centers/Ministries w/ open positions by type

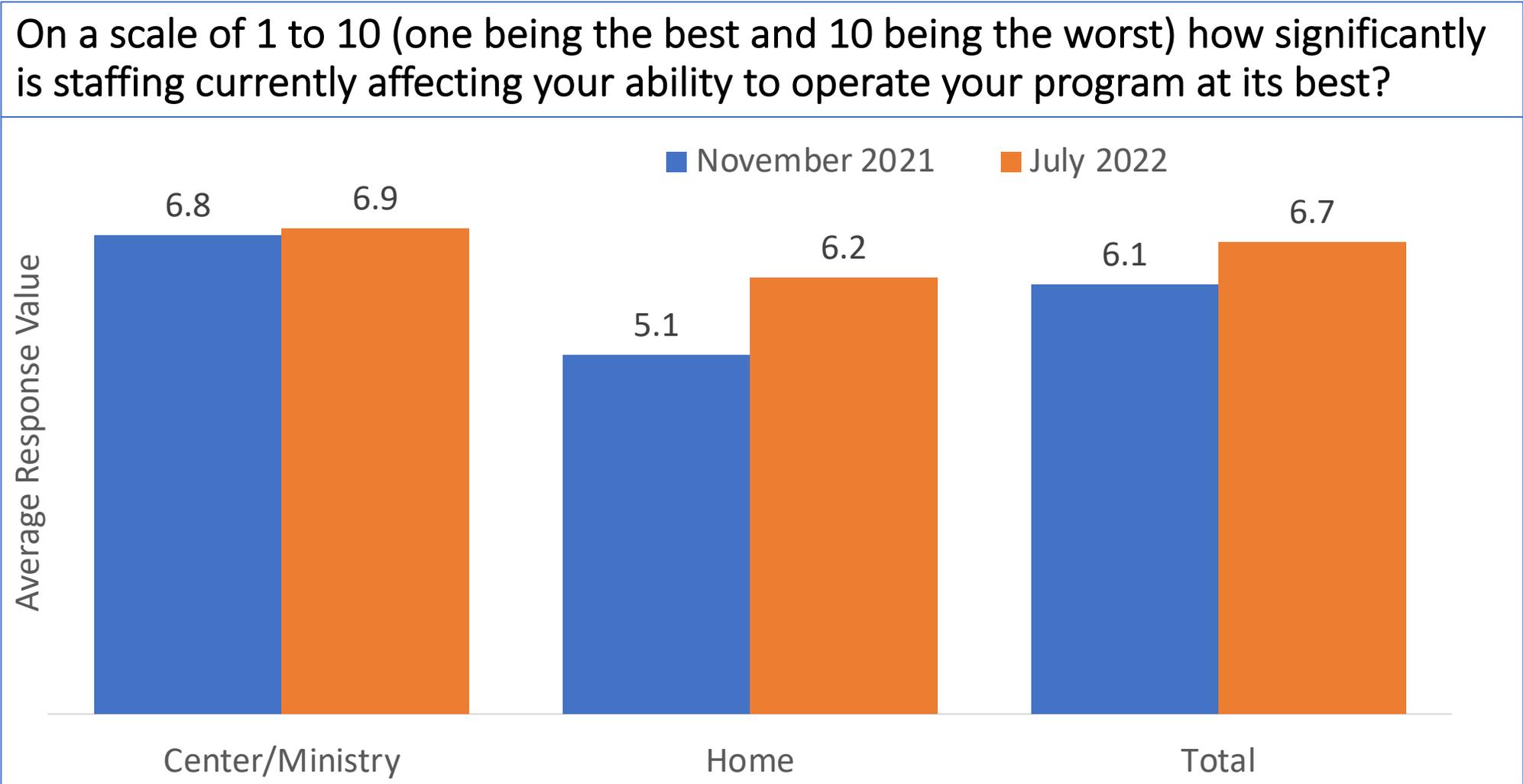


% of Homes w/ open positions by type



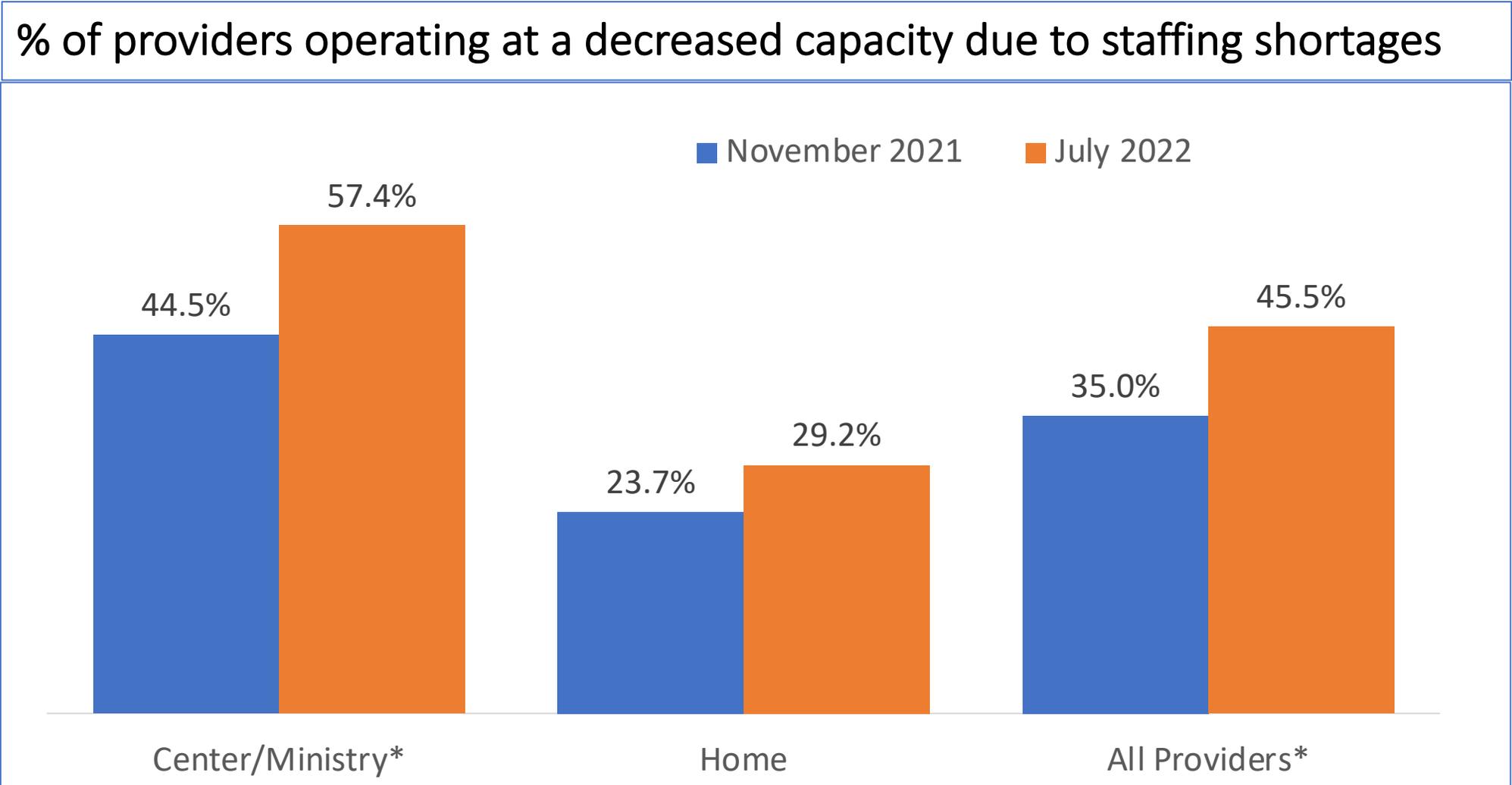
*Difference between 2021 and 2022 is significant at a 95% confidence interval. Note: survey responses limited to providers at PTQ levels 3 and 4

According to survey respondents, staffing problems continue to make it difficult for providers to operate their programs as desired. In the July 2022 survey, 29% of centers and ministries rated their “staffing effect” a “10”, while nearly 60 percent of respondents reported an “8” or higher. For home-based providers, these same responses accounted for 25% and 45% of the total, respectively.



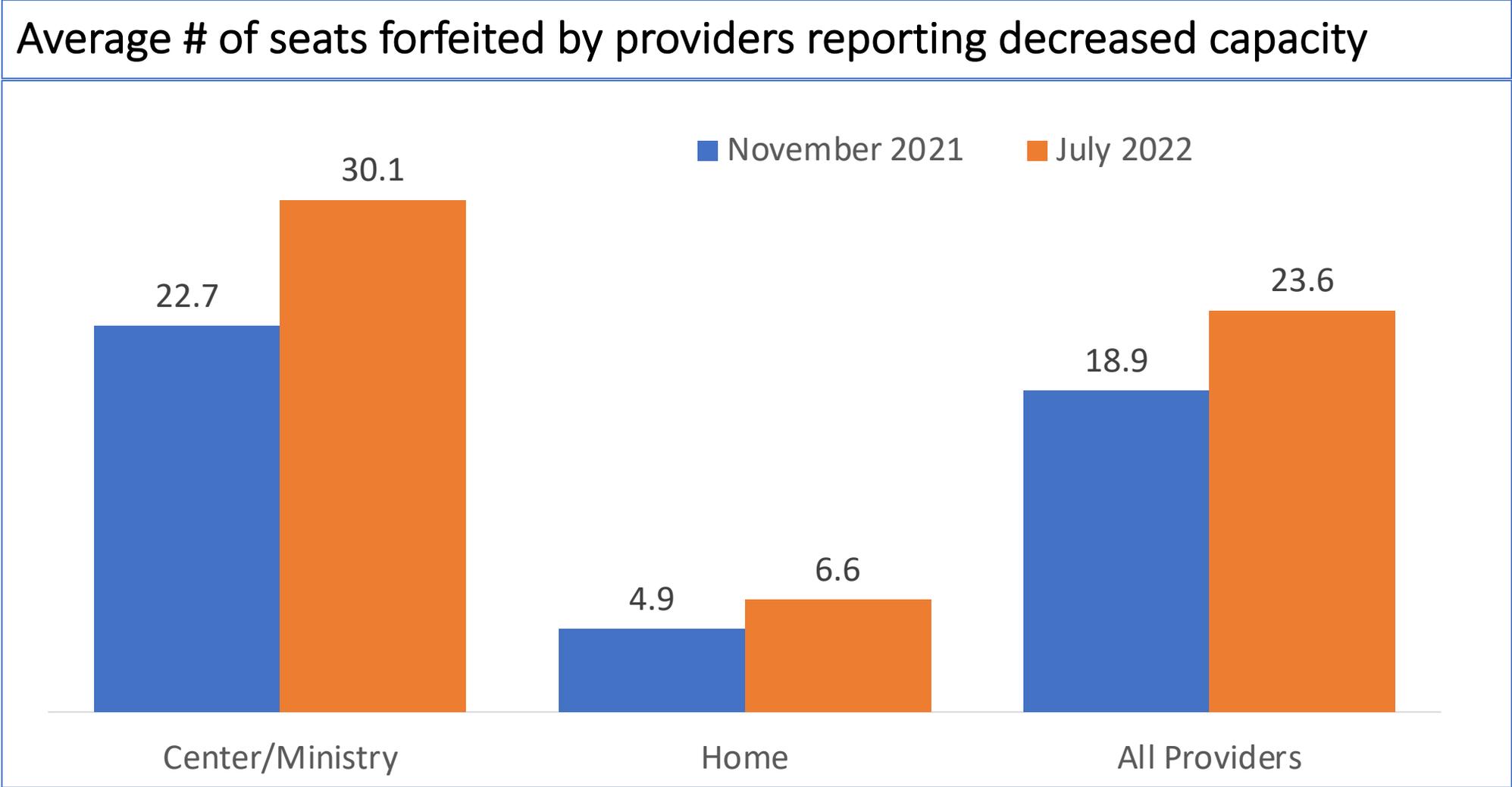
Note: survey responses limited to providers at PTQ levels 3 and 4

The strain from this continued staffing effect can be seen by the growing share of providers who report operating at a decreased capacity due to staffing shortages. Centers and ministries are particularly hard-hit by this staffing effect, with nearly 60% of these providers responding that they are now operating at a decreased capacity.



*Difference between 2021 and 2022 is significant at a 95% confidence interval. Note: survey responses limited to providers at PTQ levels 3 and 4

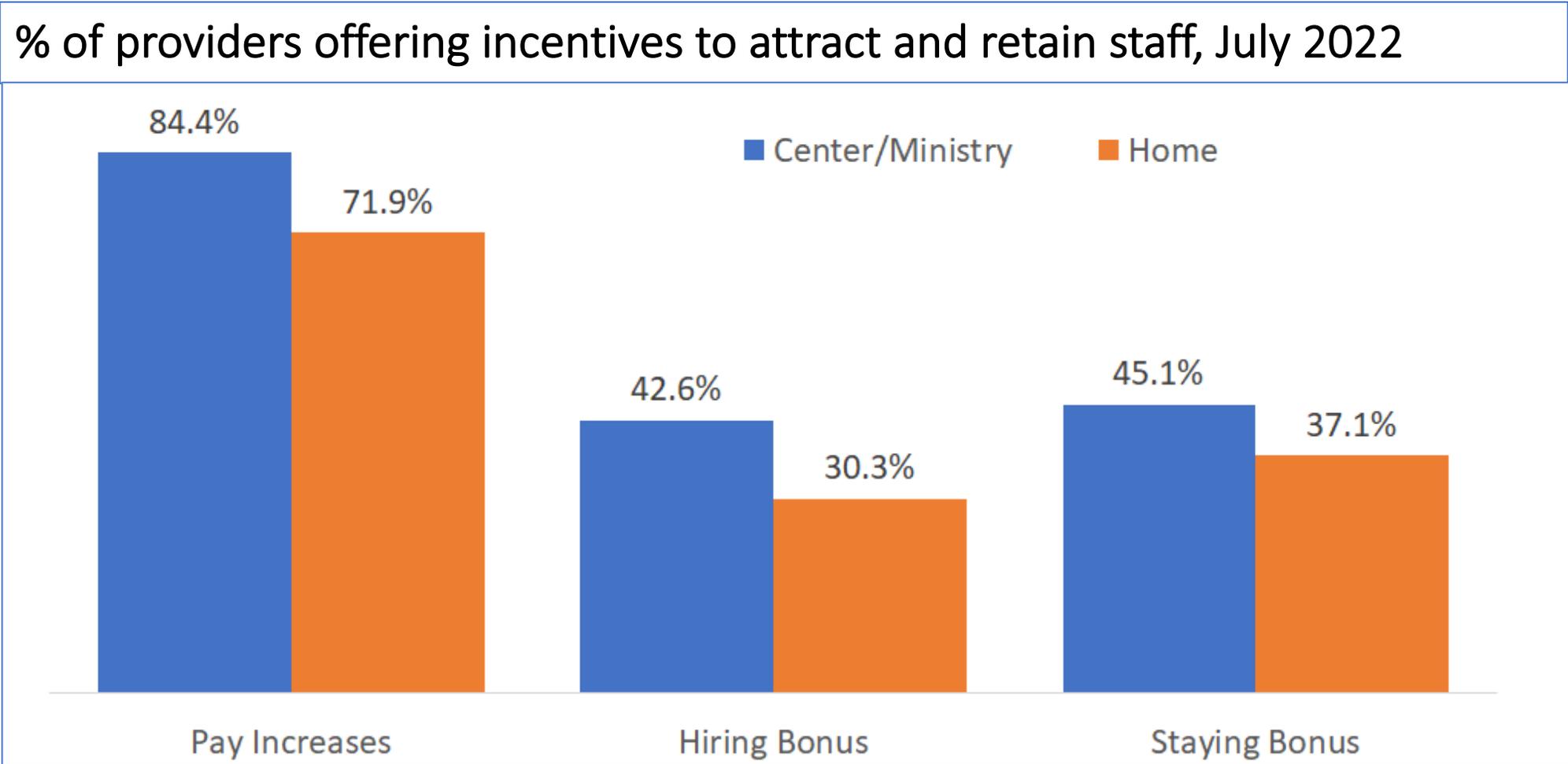
Not only has the share of providers operating at a decreased capacity increased, but the average number of seats forfeited by these providers has climbed as well.



Note: survey responses limited to providers at PTQ levels 3 and 4

90% of respondents from centers and ministries report that they are offering at least one type incentive to attract or retain staff. 76% of homes reported the same.

Centers and ministries reported offering an average of \$2.10 increase in hourly wages, while homes report boosting wages by \$2.20 on average.



Note: survey responses limited to providers at PTQ levels 3 and 4

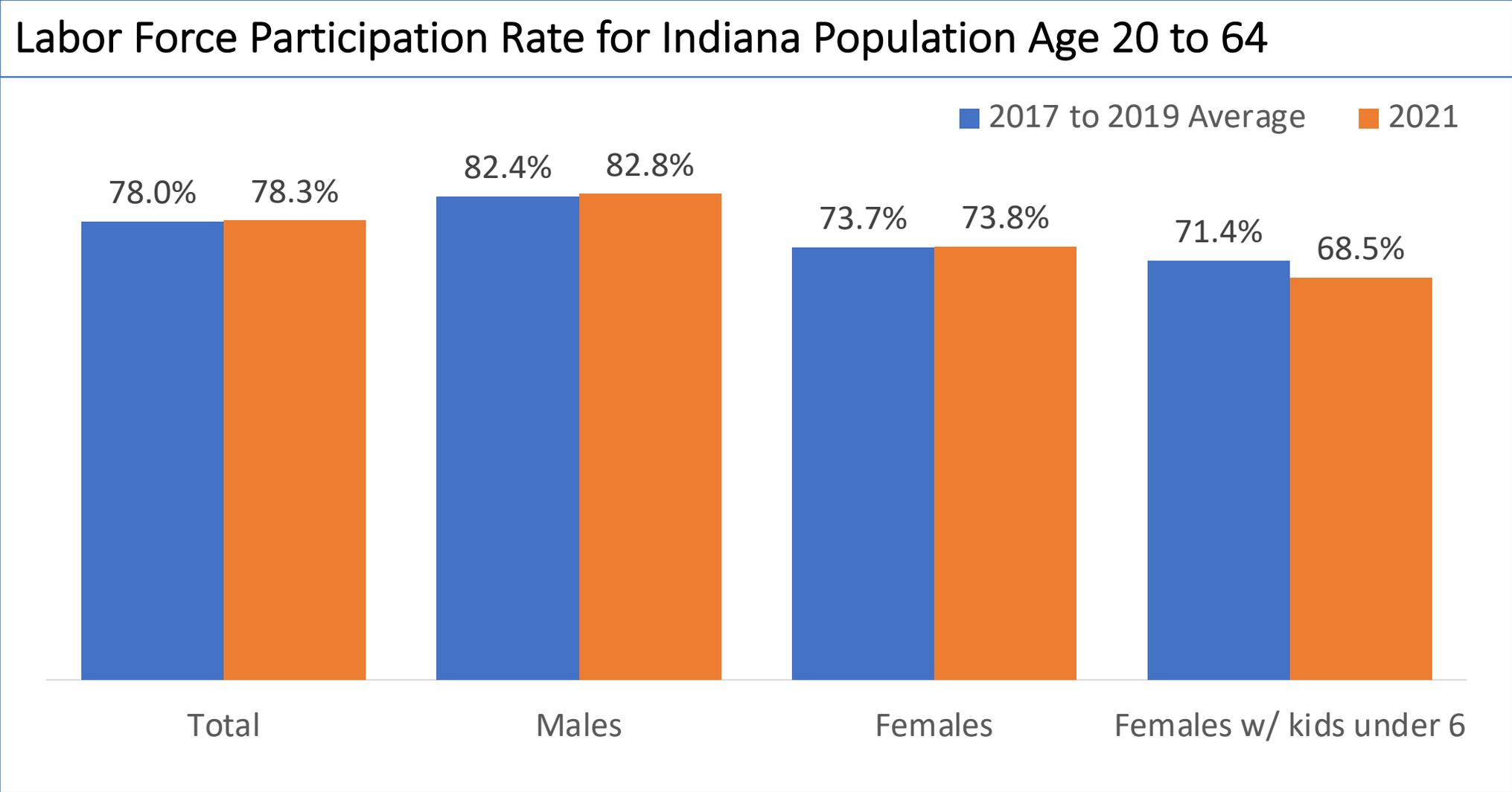
Labor Force Participation Trends for Hoosiers with Young Children

Data from Census Bureau's
American Community Survey
and IPUMS CPS microdata

Key Findings

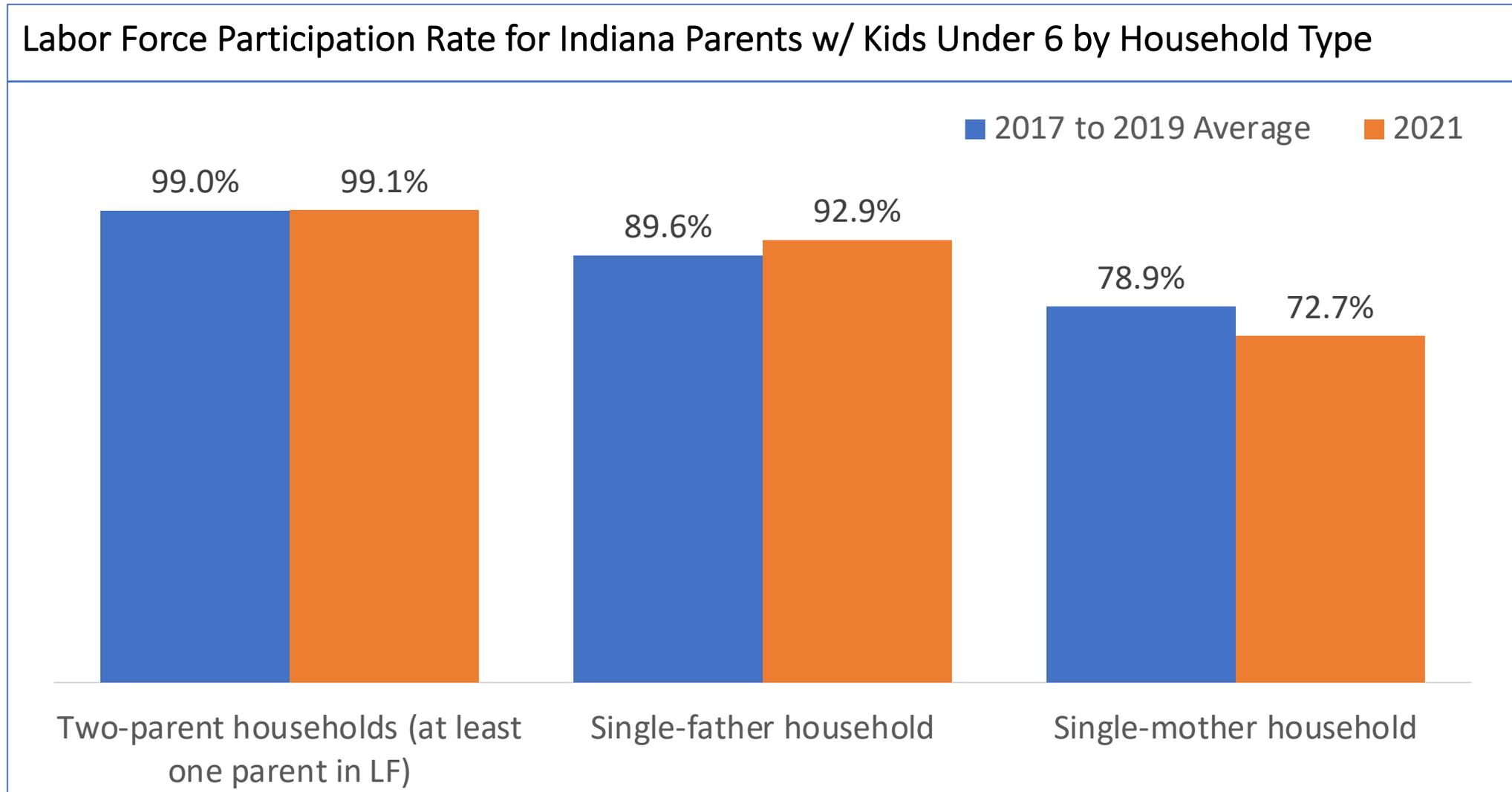
- Broadly speaking, labor force participation rates (LFPR) for Indiana's working-age residents in 2021 are on par with pre-pandemic levels
- However, LFPRs for Hoosier women with young children were still down nearly 3 percentage points in 2021
- For Indiana's single-mother households with young children, the 2021 LFPR is down 6 percentage points
- Indiana has seen larger declines for these groups than the U.S. as a whole
- For Hoosier mothers of young children not in the labor force, by far the most common reasons given for not looking for a job are "can't arrange child care" and "family responsibilities".

Census data shows very little change in labor force participation rates (LFPR) in 2021 for Indiana’s working-age adults except for the state’s female population with children under age 6. This group experienced a nearly 3 percentage point drop in LFPR between 2019 and 2021.



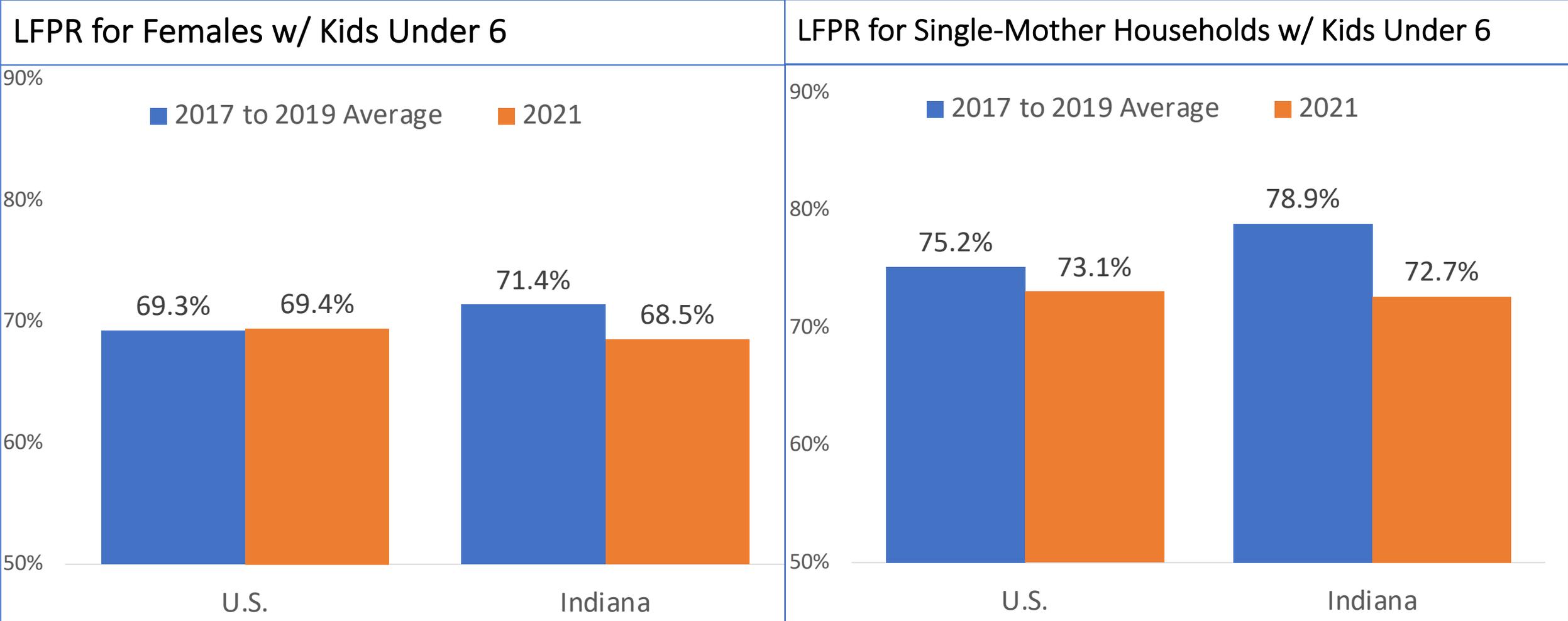
Source:
Census
Bureau,
American
Community
Survey

Similarly, there has been no drop in LFPR for Indiana's two-parent household or for single-father households that are home to children under 6. However, Indiana's single-mother households have seen a dramatic slide in LFPR in 2021.



Source:
Census
Bureau,
American
Community
Survey

In 2021, Indiana saw far larger declines in LFPRs for women with young children than did the U.S. as a whole

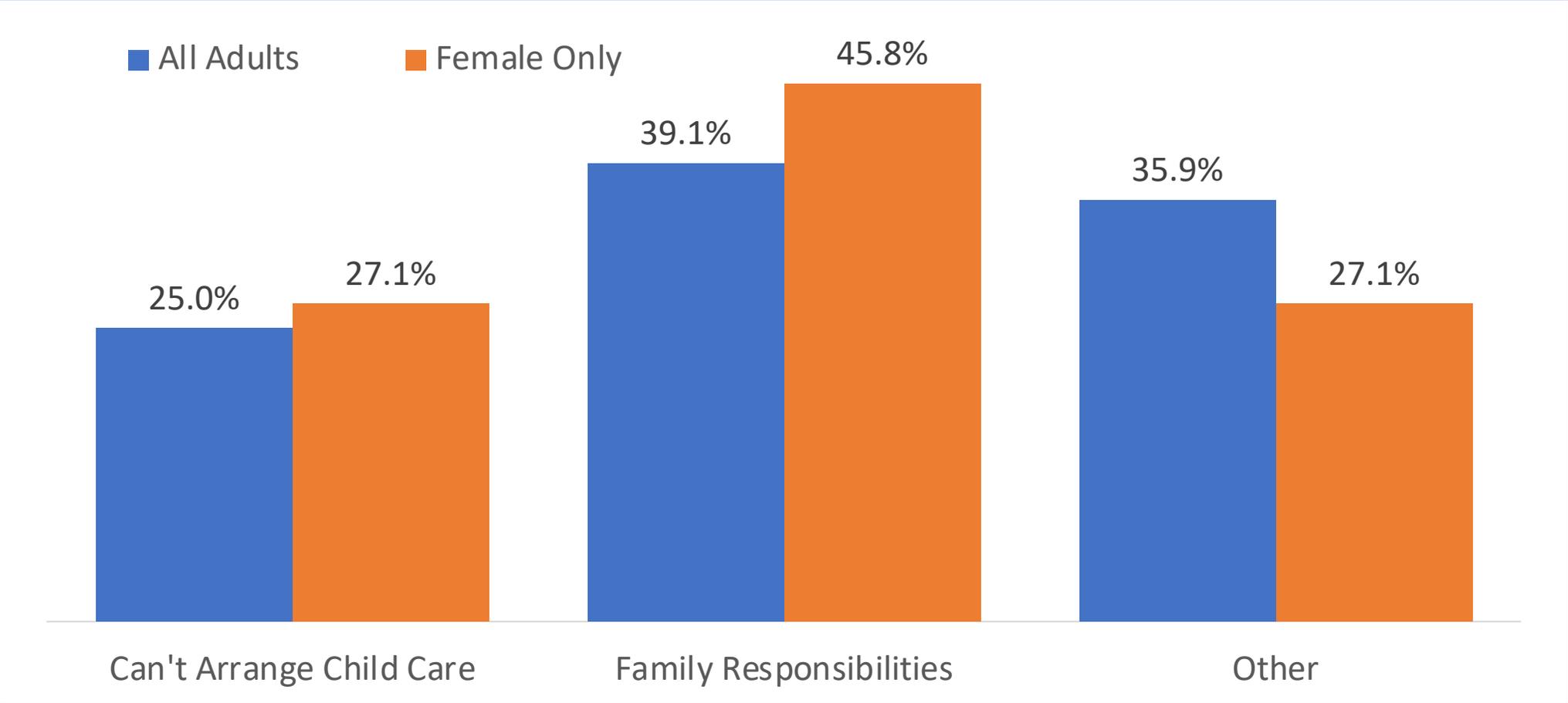


Source: Census Bureau, American Community Survey

According to data from the Current Population Survey, nearly 75 percent of Hoosier mothers of young children who are not in the labor force say that they are not looking for work either because they “can’t arrange child care” or for other “family responsibilities”.

Question: Reasons given for not looking for work, 2017 to 2021*

Population: Indiana adults age 25 to 54 who are not in the labor force and with kids under 5



*Does not include data for 2020 Source: IPUMS CPS

Research on role of child care in lower LFPRs

The Pandemic, Child Care and Women's Labor Force Participation, Federal Reserve Bank of Richmond, [Link](#)

- During the pandemic, growth in the costs of child care has increased at a faster rate than employment in the childcare industry, leading to a greater cost of care per worker.
- These higher costs will force some parents to leave labor force and provide care themselves.
- Higher costs will likely have the greatest negative impact on single-parent homes, which tend to be lower income on average than two-parent households.

Research on role of child care in lower LFPRs

Where Are They Now? Workers with Young Children during COVID-19, Federal Reserve Bank of Atlanta, [Link](#)

- Women with children under 6 accounted for 10% of U.S. employment at beginning of pandemic but were responsible for 18 percent of employment loss during pandemic (as of May 2021). Women with children between the ages of 6 and 12 held 9% of jobs pre-pandemic but accounted for 12 percent of employment decline.
- In all, females accounted for more than half of pandemic-driven employment loss through May 2021. This stands in stark contrast to the Great Recession when females represented less than one-third of job losses.
- These results suggest that the presence of young children in a household—perhaps along with limitations on the availability of quality child care—is playing a larger role in the pandemic recession’s labor force dynamics than during previous recession periods

Research on role of child care in lower LFPRs

Forced Out of Work: The Pandemic's Persistent Effects on Women and Work,
Stanford University RAPID surveys, [Link](#)

- According to Stanford University's RAPID survey for February 2022, 39% of mothers with children under 6 had either left the labor force or had reduced their hours. This finding was up from 33% in the spring of 2021
- A key difference in the 2022 survey results is that more than 90% of these changes in work status were initiated by the mother, while in 2021 survey findings only 65% of the changes in work status were self-initiated (with employer-initiated actions such as layoffs accounting for the rest)
- The study's authors state that: "lack of reliable child care and other pandemic-related challenges are placing an unsustainable level of pressure on women, and they are initiating their own departures from full-time work even though the majority can't afford to do so."

Research on role of child care in lower LFPRs

Child Care Shortages Weigh Heavily on Parents and Providers, University of Oregon RAPID surveys, [Link](#)

- According to a different RAPID survey report from November 2021, 19% of parents who use child care providers reported a disruption in care for their children. 68% of these parents reported that the disruptions were caused by staff shortages.
- This report features the following quote from a center director from Indiana: “Lack of staffing and the ability to pay a livable wage is the main challenge at the moment. Our area is having a huge crisis finding qualified staff and retaining the ones we currently have”
- Both parents and providers report that care disruptions and staff shortages cause them emotional distress.