

Progress and Peril: Child Care at a Crossroads

July 2021

The COVID pandemic has reinforced the essential role of child care and early learning for children, working families, and the economy. Emergency federal and state relief funds have provided critical support for stabilizing child care programs and preventing more widespread permanent program closures, but they do not address the systemic challenges that have plagued the child

care market – parents and providers alike – for decades. As such, they are just the beginning of what is needed to recover and rebuild.

NAEYC's newest survey, completed by more than 7,500 respondents between June 17 and July 5, 2021, working across all states and settings, shows that child care's struggle to survive continues.

Impact of Relief Funding

In the context of programs that are facing staffing challenges and parents who are facing ongoing pandemic uncertainty, respondents from child care centers and family child care homes that are open report operating at an average enrollment rate of **71%** of their licensed capacity, with **48%** of enrolled children attending on an average day. However, centers report a **62%** attendance average while family child care homes, which have a higher enrollment rate of **75%**, report that only **37%** of enrolled children are attending on an average day.

This data speaks clearly to the important role that relief funding has played in supporting program stability, by providing funds so that states can pay programs based on enrollment, not attendance. Rather than moving back towards payments based on the fluctuating attendance rates of any individual child, states should make structural changes permanent, so that parents and providers can count on reliable and predictable support.

Relief funding has been critical in other ways as well; for example:

- › **40% of respondents working in child care centers and 36% of those working in family child care homes have been able to reduce debt they took on during the pandemic by using relief funds.**
- › Another **53%** of those working in family child care say they will be able to reduce debt with anticipated relief funds, such as those coming through the stabilization grants.

Only **33%** of respondents working in centers and **24%** of family child care homes said they did not take on additional debt for their programs during the pandemic. This data demonstrates that more and more providers have found themselves having to take on debt during the pandemic; in NAEYC's December survey, **42%** of respondents had reported taking on debt for their programs by putting supplies or other items on their own personal credit cards.

Prior to the pandemic, skilled, essential, and valuable early childhood educators earned so little that nearly half lived in families accessing safety net supports to make ends meet.

- › With support from relief funds, **63%** of respondents in child care centers and family child care homes have received some increase in compensation through bonuses or an increase in baseline pay, though additional and substantial federal support is needed to ensure these increases can be sustained.
- › While increased program subsidy rates do not always or inherently translate into increased compensation for early childhood educators, **80%** of respondents whose programs received more funds from increased subsidy payment rates reported that educators had received increased compensation.

Overall, **46% of respondents in child care centers and family child care homes say their program likely would have closed without help**, including the Paycheck Protection Program and child care relief funds.

- › That percentage increases for minority-owned businesses, **54%** of whom say they likely would have closed without help.
- › **One in every three** respondents located in a rural or small town report that they likely would have closed without help, as well as **42%** of respondents from suburban programs and **48%** of respondents located in cities.

“I can say this with certainty: I would have closed my program without support. Even with help, I know even more is needed because we do not have the financial security to keep fighting through this without additional help.” — Carolina Reyes, Owner and Director of Arco Iris Bilingual Children’s Center, Laurel, Maryland

Staffing and Compensation

However, even in the context of relief funding, reports of program closures continue. Why? While retention and recruitment have been longstanding challenges in early childhood education, **81%** of respondents say it is the same or more difficult to recruit and retain qualified educators now than before the pandemic, with fully half of respondents saying it is more difficult; this is particularly true for programs serving families who need financial assistance, **88%** of whom report it is as or more difficult.

- › As a result, **80% of respondents from child care centers report that they are experiencing a staffing shortage**, defined as having at least one open role unfilled for at least one month.
 - This percentage rises to **83%** of respondents from minority-owned programs who say they are experiencing a staffing shortage.

- Relief funds helped slightly; of child care centers who received relief funds, only **76%** experienced a staffing shortage compared to **80%** overall.
- Most of the programs reporting staffing shortages have between 1-5 open roles, but **15%** have between 6 and 15 open roles to fill.

The impacts of the staffing challenges are substantial:

- › **50% of programs that have been impacted by staffing shortages are serving fewer children**
- › **One-third have a longer waitlist or are unable to open classrooms; and**
- › **24% have reduced their operating hours.**

Compensation remains both the challenge and the solution for staffing recruitment and retention problems.

- › **78%** of survey respondents identify wages as the main recruitment challenge because they are so low that potential applicants are either relying on pandemic unemployment or are recognizing they can make more money working just about anywhere else.¹
- › Similarly, **81%** of respondents say that low wages are a key reason that educators leave the field, followed closely by **54%** who cited a lack of benefits. A third of respondents pointed to exhaustion and burnout, while only **8%** said regulations were a key challenge.²

In reflecting on their own time in the field, **more than one-third of respondents, inclusive of all settings, said they were considering leaving their child care program or closing their family child care home within the next year**, with another **14%** saying “maybe” they would leave or close.

- › **This percentage rises to 55% of minority-owned businesses** and a full **70%** of those who have been in the field for one year or less, portending a potentially significant pipeline problem for the early childhood education sector.
- › **71%** of respondents see the public schools as the most common alternative to working in ECE programs, followed closely by retail and warehouse jobs.

For states and programs wanting to address issues of supply and staffing, and still determining how to proceed on relief funds related specifically to compensation, it is important to note that **73% of early childhood educators say they would want their compensation to increase temporarily** (for 1-2 years), even if they knew it would eventually revert to what they earned prior to the pandemic. At the same time, **56%** of early childhood educators working in centers and family child care homes are worried about being cut off from public benefits (like SNAP or housing subsidies) if their compensation is increased, so policymakers must implement solutions such as income disregards that ensure educators who are receiving increased and

“After 25 years of success running my programs, I feel like I am starting over and one of the hardest parts is finding staff to be part of this rebuild with me. We simply can’t compete. Current early childhood educators are leaving because the compensation is so low.”— Schnell Price Lambert, Owner of JO’s Learning Academy, Milwaukee, Wisconsin

emergency financial support do not find themselves in a situation resulting in a loss of public assistance that is crucial to their families’ well-being.

Conclusion

Americans understand the essential role that child care and early learning play for families and our economy. It is within our nation’s power not only to save child care, but to solve the persistent challenges that have plagued the system for generations. Now is the moment for Congress to act, by building on relief, and making the bold, sustainable, and necessary investments in quality child care and early learning that will respond to our communities’ short and long term needs and support families’ economic security and children’s success.

Methodology

This online survey, created and conducted by NAEYC using SurveyMonkey, represents the responses of a non-randomized sample of 7,518 individuals working in early childhood education settings who completed the survey in English or Spanish between June 17 - July 5, 2021. The respondents represent providers in 50 states as well as Washington, DC and Puerto Rico; 29% report that they work in family child care homes while 51% report that they work in center-based child care. Others work in public school preK and Head Start. The survey links were shared widely through email newsletters, listservs, social media, and via partnerships, and 10 randomly selected respondents were provided with a \$50 gift card for participation in a sweepstakes. Given the constantly changing and widely varying nature of the crisis, the analysis from this survey is intended to present the experiences of the respondents, as captured in the moment that they take the survey, with extrapolations for the experiences of the field and industry at large.

1. To identify recruitment challenges, respondents were asked to rank 7 common reasons that someone doesn't come into the field or the program. Unemployment benefits were ranked as the number 1 most common reason by 41% of respondents; low wages were ranked as the number 1 most common reason by 37% of respondents.

2. To identify retention challenges, respondents were asked to rank 8 common reasons that educators leave the workforce. Each of these key challenges include the percentage of respondents who ranked it first or second. For example, low wages were ranked as the number 1 most common reason (by 65% of respondents) or the number 2 most common reason (by 16% of respondents)

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