naeyc National Association for the Education of Young Children

Going Over the Child Care Cliff

New data from the RAPID survey show that predictions made by providers are coming true.

November 2023

At the end of September 2023, Congress allowed $25 billion of child care stabilization funding to expire and – as predicted – the impact is starting to take shape, according to a new survey of providers and families by RAPID.[1] Already,

- **29%** of families reported that their child care tuition had increased in the last month.
- **28%** of child care providers who have run out of stabilization funding indicated they had cut wages or were unable to sustain salary increases.
- **24%** of providers who have run out of stabilization funding reported they were serving fewer children.

While some states are increasing their own investments to try to compensate for this loss of funds,[i] federal investments are needed now – and over the long term – to prevent child care programs in all communities and states from enacting the painful steps they anticipated, including raising tuition, cutting wages, and reducing hours. Each of these reactions – up to and including program closure – limit families' access to the care they need to work and the early learning environments that help their children thrive.

In October of 2022, NAEYC conducted an early childhood workforce survey about the impact of stabilization funding and what they thought might happen following the expiration of those funds.[2] Only a month past the federal expiration of stabilization grants, we have seen and heard numerous stories from early educators and families bearing out those predictions.

Now, thanks to a new partnership between NAEYC and the RAPID Survey Project, in October of 2023, we have data from RAPID's ongoing survey of child care providers and families that provide additional insights into what providers have been experiencing this fall.

[1]For more information about the RAPID survey: https://rapidsurveyproject.com/aboutus

[2]See all of NAEYC's survey data via NAEYC.org/ece-workforce-surveys

Their experiences align with some of the predictions we saw from NAEYC's field survey in 2022, add to the stories we are hearing, and clearly illustrate in real time how the expiration of stabilization funding is exacerbating the child care crisis across the country.

Program directors are having no choice but to raise tuition rates on families, straining their already tight household budgets. Early educators have seen their wages further stagnate or even decrease, exacerbating mental strain and burnout and driving them out of the field. This means the available supply of quality care is shrinking further as programs struggle to retain staff, making it more difficult for families who need care to access it. In some cases, these painful measures have not been enough, and providers have been forced to close their doors outright, leaving families in communities across the country desperately scrambling to find safe, quality, affordable options.

- *"Seven Western North Carolina child care centers to close, lack of funding." - Asheville Citizen Times, North Carolina, October 23, 2023*
- *"Good Shepherd Lutheran closing child care center." - Keloland Local News, Sioux Falls, South Dakota, October 30, 2023*
- *"One shuttered day-care center foreshadows a countrywide crisis." - Washington Post, November 6, 2023*

Rising Costs for Families

Last year, program directors anticipated that they would have to raise tuition for working families in order to maintain program operations following the end of stabilization funding.

Last month, early educators for whom stabilization funding had run out already reported they were increasing tuition rates, and families saw their child care expenses increase in real time.

October 2022 – NAEYC ECE Workforce Survey	October 2023 – RAPID Survey
43% of child care center directors and 37% of family child care providers who reported receiving stabilization grant funds anticipated that their program would be forced to raise tuition for working parents when their grants expired.	35% of providers who had run out of stabilization funding indicated they had increased tuition for families.
	29% of responding families reported that their child care tuition had increased in the past month; an additional 13% expected tuition to increase next month.
	Families of color are disproportionately impacted by tuition increases. 38% of Black families and 34% of Latino/a families reported tuition increases in the last month compared to 24% of White families.

"I started raising tuition when I knew the subsidy would end." - Home-based provider, Kansas, October 2023, RAPID Provider Survey Respondent

"Since the stabilization funds didn't get extended after September 2023, we plan on increasing rates in January 2024." - Center Director, October 2023, RAPID Provider Survey Respondent

Decreasing Wages for Educators

Last year, program directors told us they may have to cut educators' wages or otherwise not sustain increases once stabilization funding ran out.

Last month, early educators for whom funding had already expired indicated that they were already cutting wages and benefits.

October 2022 – NAEYC ECE Workforce Survey	October 2023 – RAPID Survey
27% of child care center directors and 29% of family child care providers who reported receiving stabilization grant funds anticipated that their program would be forced to cut wages or be unable to sustain wage/salary increases.	28% of child care providers who have run out of stabilization funding indicated they had cut wages or were unable to sustain salary increases. 13% indicated they had reduced staff benefits.

"Recruiting and retaining high-quality staff has been almost impossible because the cost of living is so high and wages are so low. Teachers are leaving the field in droves for better-paying opportunities in entry-level jobs. It is heartbreaking to see good teachers leave because they can't afford to live on these wages." - Center Director, Colorado, October 2023, RAPID Provider Survey Respondent

Less Accessible Child Care

Last year, early educators were clear that the end of child care stabilization funding would impact the supply of child care available to communities, either through reductions in program capacity or outright closure.

Last month, early educators for whom stabilization grants had run out reported that they are losing staff, serving fewer children, and seeing their waitlists grow.

At the same time, families across the country who need child care are having difficulty finding it, with severe implications for their abilities to work. According to the October 2023 RAPID survey, 79% of parents currently looking for child care reported difficulty finding space in a program. Of those parents, 84% reported that not being able to find child care impacted their ability to work.

October 2022 – NAEYC ECE Workforce Survey	October 2023 – RAPID Survey
22% of child care center directors anticipated that their program would lose staff when stabilization funding ends.	34% of providers whose programs have run out of stabilization funding reported they had lost staff.
19% of family child care providers said their program would have to serve fewer children when stabilization funding ends.	24% of providers whose programs have run out of stabilization funding reported they were serving fewer children.
	32% of providers whose programs have run out of stabilization funding reported growing waitlists.

"We lost some of our teachers that have left the field for higher paying jobs. We have not been able to find staff to fill those spots, so we had to close classes. Our waitlists are growing with families desperate for child care, but we do not have the staff to re-open the classes." - Early childhood educator working in a child care center, Ohio, October 2023, RAPID Provider Survey Respondent

What Now?

"I had to access my 401k dollars in order to pay payroll taxes. The food I prepare for the children is lower quality than I would prefer. I worry all of the time and feel exhausted trying to do everything, as well as taking care of my own child and her needs. I feel overwhelmed and that each month it gets a little worse. Honestly, I don't know how long I can do this." - Licensed Home-Based Provider, Oregon, October 2023, RAPID Provider Survey Respondent

The reality is that child care stabilization funding worked. It helped save the child care sector throughout the pandemic, reaching more than 220,000 child care programs across the country serving nearly 10 million children. Previous NAEYC and RAPID surveys have found that 25 – 30% of child care programs said they would have closed without the funds from Congress, and if a similar proportion of programs have to close their doors following the expiration of funding without additional investments, an estimated 3.2 million children across the country could ultimately lose access to care.[ii]

October 2023 survey data demonstrate the extent to which predictions are coming true, and the ways in which the loss of these funds are already being felt by early childhood educators and families with young children across the country.

These data underscore the need for Congressional action now to address the growing crisis. Congress should pass significant, sustained public investments that ensure families with young children have access to the care they need, and early educators are compensated in line with the valuable, complex work they do.

First, however, Congress must take immediate action to avert the preventable destabilization of the sector due to the expiration of federal funding. This must include providing robust funding for child care and early learning programs in the FY24 budget, and passing the President's supplemental funding request of $16 billion for child care stabilization.

"Our reality is that child care is imperative in so many of our communities, our states, and we've got to do more to address it. I perhaps might not have ever envisioned that at the federal level it was incumbent upon us to weigh in when it comes to child care and access to child care, but it is impacting our military security. It is impacting our economic security. I'm looking at this and I'm saying there is a role here. There is a role for us." - Senator Lisa Murkowski (R-AK), May 2023

Methodology for the October 2023 Survey Data Analysis

In September 2023 NAEYC authored a set of questions specific to the end of stabilization grant funding that were added to the October monthly childcare provider and household survey instruments administered by RAPID. This set of questions will continue to be included in the instruments over the coming months. Figures presented in this brief from the RAPID provider survey are based upon 1,067 responses from providers identifying as center directors (12.2%), center teachers (55.0%), and licensed home-based providers (32.8%). 161 of these respondents indicated that they had both received stabilization funding and the funding had run out as of the October 2023 survey. These respondents represent a range of voices: 27.5% are Black/African American, 18.8% are Latino/a, 39.7% are White, and 13.9% are of the other racial/ethnic groups. The majority (70.8%) of respondents are women. Figures from households with young children are based upon 1,022 responses from parents of young children under six years of age. These respondents represent a range of voices: 12.2% are Black/African American, 21.6% are Latino/a, 58.1% are White, and 8.1% are other racial/ethnic groups. In terms of household income, 31.1% are below 200% federal poverty level (FPL), 41.2% are between 200%-400% FPL, and 27.7% are at or above 400% FPL. RAPID analysts prepared detailed item-level response rates, proportions, percentages and cross-tabulations based upon specific requests from NAEYC. All calculations were prepared by RAPID analysts based on NAEYC's request. The data for these analyses are not weighted. The ongoing RAPID Surveys will inform a new NAEYC ECE Workforce Survey survey in early 2024.

RAPID

Endnotes

[i] Girouard, D. (2023). State Session Roundup: Summer 2023. Child Care Aware of America. https://info.childcareaware.org/blog/state-session-round-up-summer-2023

[ii] Kashen, J., Gutierrez, L.V., Woods, L., and Milli, J. (2023). Child Care Cliff: 3.2 Million Children Likely to Lose Spots with End of Federal Funds. The Century Foundation. https://tcf.org/content/report/child-care-cliff/