

An Exchange Trend Report

Continuing Strong Demand Projected for Child Care

by Roger Neugebauer

Two decades ago in a bullish article in *Child Care Information Exchange* (November, 1983), “Are You Ready for the Boom Years Ahead?”, I observed:

“... there is mounting evidence that child care professionals should be most optimistic about the future. A variety of demographic and economic trends indicate that the demand for center-based child care is going to rapidly rise throughout the balance of the 1980’s.”

Looking back, although I tend to be woefully inept in forecasting sports scores and stock prices (“Microsoft? Don’t waste your money; it’s a flash in the pan.”), I did get this one right. The US child care market experienced double digit annual growth through most of the 1980s.

Now I am going to dust off my crystal ball and see what the next decade holds in store for us. Will they be boom or bust years? To find out, let’s look at the same indicators I reviewed in 1983 and see what they tell us today.

Population of Young Children

In the 1980s there was a surge in the population of young children, as baby

boom children started to have children of their own. From 1980 to 1990, the population of children under the age of five increased from 16.4 million to 18.9 million. This surge contributed significantly to the rising demand for child care.

In the current decade, the mid-range projections call for a much more stable youth population (see Table 1). From 2000 to 2010, the population of children under five is expected to rise modestly from just

under 19 million to slightly over 20 million, an increase of only 5%.

One factor that contributed to the end of the child care boom in the 1980s was the declining supply of teachers, resulting from the declining population of young adults in the 18 to 24 age group. Looking at the balance of the current decade, however, this will not be the case, as the young adult population will actually increase at a greater rate than the preschool population for the balance of the decade (see Table 1).

Population of Young Children With Working Mothers

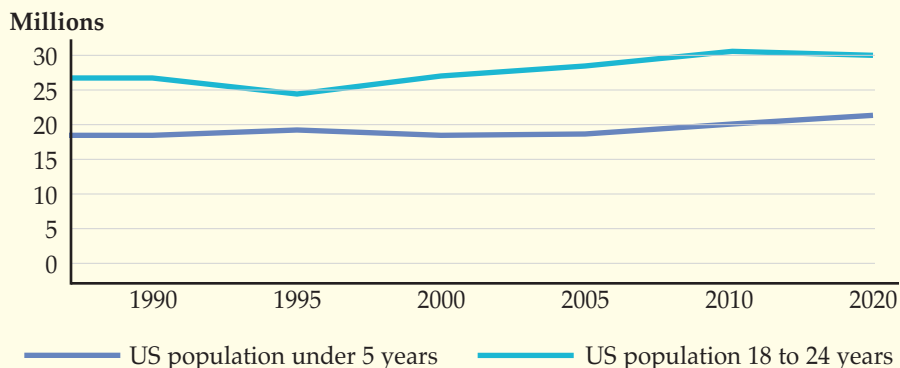
Another major driver of the 1980s child care boom was the accelerating entry of working mothers into the workforce. From 1980 to 1990 the number of children under five with working mothers increased from 7.5 million to 10.5 million — a 40% increase!

The number of children with working parents has continued to grow since 1990, but the rate of growth has slowed considerably. In the 1990s this population increased by less than 20%. The increase is expected to be around 12% for the current decade (see Table 2).

The flattening of the overall population of children under the age of five is primarily responsible for this slowing growth rate of children with working mothers. However, a projected slackening of the pace of the return of women to the work force also accounts for some of the slow down.

For example, in 1988, an all-time high of 59% of all women with infants under the age of one were in the work force. This nearly doubled the 31% participation rate of 1976 (Bachu, 2000). However, by 2000, this participation rate had dropped to 55% (O’Connell, October, 2001). Demog-

Table 1
Population of Young Children and Young Adults



Source: US Bureau of the Census, 1996.

raphers were quick to point out that this unusual decline may have been caused more by the slackening economy than by any actual reversal in the trend of women entering the workforce. In any case, the rate of increase in participation certainly has slowed.

Work/Life Patterns

A number of other choices families are making influence their need for child care:

■ **Family size.** Fertility rates fell from the late 1950s when women were having children at the rate of more than 3.5 births per woman to 1.8 in the mid-1970s. With minor fluctuations, the fertility rate has remained at about 2.0 births per woman over the last 20 years (Bachu, 2001). Smaller family size means that families have fewer children to divide their resources among, and can afford to spend more on child care.

■ **Single parent families.** Single-mother families increased from 3 million in 1970 to 10 million in 2000, while the number of single-father families grew from 393,000 to 2 million (Fields). This impacts demand for child care in that single parents do not have the option of a spouse caring for children.

■ **Delayed childbearing.** Increasing numbers of young adults are choosing to put careers before families. They are getting married later in life. In 1970, the median age for first marriage was 20.8 years for women; by 2000, this age had risen to 25.1 years (Fields). In line with this, women are having their first children later in life. In 1975, 5% of women had their first birth after the age of 30; in 1999, 22% did so (National Institutes of Health). When parents have children later in life, they are in a better financial position to afford child care.

■ **Commitment to work.** Women are demonstrating increasing commitment to their careers. The proportion of women working during pregnancy before their first birth increased by 23% from 1965 to 1995, from 44% to 67%. Mothers were

Table 2
Children Under Five With Working Mothers

1980	7.5 million children
1990	10.5 million children
2000	12.5 million children
2010	14.0 million children
2020	15.0 million children

Source: Day, 1996.

much more likely to return to work by the sixth month after their first child's birth in 1994 (52%) than in 1965 (14%). And, only 27% of women quit their jobs around the time of their first birth in 1995, compared with 63% in 1965 (O'Connell, December, 2001). This commitment to work carries with it a corresponding requirement for child care.

Child Care Preferences

Use of center-based child care has evolved from the least popular form of non-parental care in the 1960s to the most popular today. In 1965, one in four three-, four-, or five-year-old children was enrolled in a part-day or full-day preschool, whereas by the beginning of the 21st century two in three children took advantage of an early childhood program (National Center for Education Statistics).

The Bottom Line

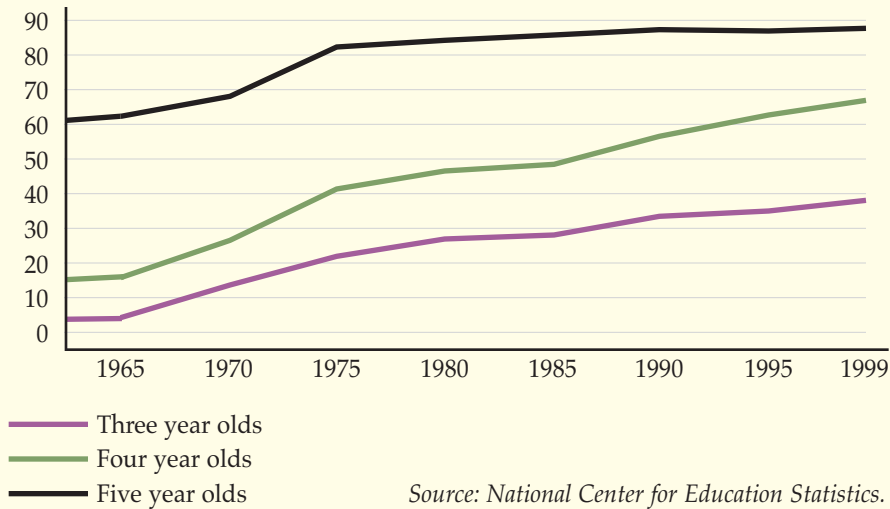
If we take all these trends into account, what does that tell us about the demand for child care in the coming years? I think we can safely conclude that a strong demand for center-based child care will continue well into the future.

There will not be the dramatic upswing in demand that occurred in the 1980s, of course. Many of the trends that rose so steeply in that period, such as the population of children under five and the return of mothers to the work force, have leveled off a bit in the past ten years. In addition, as an industry we have not solved the significant challenge of providing adequate wages for staff.

On the other hand, the factors that drive the demand for child care continue to be strongly positive. Mothers continue to seek employment, mothers' commitment to work is increasing, family size

Table 3
Percent of US Children Enrolled in Centers

(Part time and full time)



remains small, the popularity of center-based care as an option continues to rise, and the population of young children will remain as high as ever before beginning to rise again. These observations lead me to conclude that the future is bright for our profession.

References

Barchu, A. & O'Connell, M. (October, 2001). "Fertility of American Women: June 2000." Washington, DC: US Census Bureau.

Bachu, A. (October, 24, 2000). "Record Share of New Mothers in Labor Force." Washington, DC: US Census Bureau.

Day, J. C. (1996). "Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050. Washington, DC: US Census Bureau.

Fields, J. & Casper, L. M. (June, 2001). "America's Families and Living Arrangements: 2000." Washington, DC: US Census Bureau.

National Center for Education Statistics (2001). "Digest of Education Statistics." Washington, DC: US Department of Education.

O'Connell, M. (October 18, 2001). "Labor Force Participation for Mothers with Infants Declines for First Time." Washington, DC: US Census Bureau.