

child care and the economy

by Eric Karolak

It's on the evening news and in the morning paper headlines: the economy is down, in recession. Unemployment has topped 7% nationally and economists predict it will approach 10% by 2010. Last year, home foreclosures increased by more than 80%, a record, with over 2.3 million foreclosures total. Now, 46 states are facing budget shortfalls totaling \$90 billion for Fiscal Year 2009 and \$145 billion for Fiscal Year 2010, and that means prospects are real for dramatic cuts in basic services or painful tax increases.



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of quality early learning programs. ECEC members operate more than 7,600 centers enrolling more than 800,000 children in 49 states and the District of Columbia. Dr. Karolak previously led the National Child Care Information Center, the largest federal clearinghouse focused on child care and early education for low-income families. He has worked closely with states developing the technical aspects of child care assistance programs, quality rating systems, and partnerships across early childhood programs. He has conducted policy research and fiscal analysis in the areas of child welfare, child care, women's labor force participation, and public housing, and has testified before several state legislatures and the U.S. Congress. Dr. Karolak also has served as an advisor to a national quality initiative, a non-profit child care center, a local government commission, and a metropolitan United Way.

And for many child care and early learning program providers, it's so real you can touch it. You see it in the faces of the children you work with, the parents you speak with, and, perhaps, in the shared concerns of your co-workers. And it's this closeness to the problem that makes your voice so important these days.

The economic downturn: The view from America's child care programs

The Early Care and Education Consortium, an alliance of America's leading national, regional, and independent providers of quality early childhood programs that I direct, has been compiling stories from across the country to help educate our leaders in Washington and in state capitols.¹ Each day it seems we hear more and more reports of the tough choices parents are forced to make and the further impact the downturn is having on children and families.

Our parents . . .

Parents are cutting back on the hours children spend in child care, or worse, removing them all together. Centers that once had waiting lists of months are now struggling to fill classrooms. Many directors worry that cash-strapped

parents are removing their children from high-quality centers to cheaper but less stimulating arrangements that might jeopardize the safety of their children. Some might even be forced to stay at home with older siblings.

"We used to have several parents who would drop off their child for school readiness programs," a center director in California shared with us. "Now with the economy the way it is, I have been told it is a 'luxury' and they need to cut back."

Our programs . . .

Child care programs experience a trickle-down effect: when businesses cut back hours or lay people off, parents cut back child care hours or pull children from programs. "We're seeing more and more families lose their child care assistance and have nowhere to turn for help," reports a center director from Massachusetts who is worried about how to stay afloat. "We've had to downsize and consolidate two of our centers. Hopefully it will turn around soon. I would hate to have to lay people off." A child care worker in Florida stressed "center staff depend on our jobs to care for our own families. I think too many people overlook the fact that without child care

many, many people across the U.S. would be unemployed.”

The child care industry is a significant employer — especially of single mothers and minority women who often are less able to weather fluctuations in their hours. Sara Moleski-Rice, who travels widely as vice-president for government relations at Learning Care Group, has seen the effect on our field. “Across the United States, I’ve heard concerns in the industry about supporting dedicated staff in this difficult time — staff losing their insurance or their own state assistance due to their declining hours, about their struggle to support their families as well.” So, with some 2.3 million people in the child care workforce, when declining enrollment forces centers to cut back on staff hours, the consequences are serious and far-reaching.

The effects can be seen across the country, in programs of all types and sizes, families of all income ranges. Children watching children and parents turning to unregulated care are concerns of a Maryland family child care provider network whose president explained “For more families, that’s not the route they want to go, but unfortunately that’s the route they can afford.”² “We’ve had several long-term families withdraw children due to a parent’s loss of job in the computer industry,” one Texas center director told us. “It’s shattering to the family to go from upper middle class to barely making ends meet. Often they worry how they will transition back into the workforce without quality child care.”

In the end, and for our nation as a whole, it all comes back to what this means for the children. Declining enrollment and state budget cuts means moving toward quality programming is more difficult. Jo Kirchner, CEO of Primrose Schools, one of the top child care franchises in the country,

worries about children who are placed in unlicensed programs or with unprepared relatives. “If children aren’t in an environment where they are supervised well, then the safety and security of the children are put at risk.” And forcing parents to choose poorer quality settings means trading away opportunities to prepare young children for school and life, opportunities that once lost may not ever be made up.

It’s about kids and jobs

Child care is in a unique position — it’s both a work support for parents and an important early childhood development and education experience for children. This dual nature can be frustrating — as when policies or funding rules ignore that both parents and children are served by our programs, or when news articles and some decision makers neglect the important early learning that occurs in our centers. This unique characteristic of child care is important in tough economic times like these.

Child care and the economic recovery

The nation’s economic woes and the arrival of a new Administration and Congress have created a moment of opportunity to address the neglect of child care in recent years. At \$787 billion, the American Recovery and Reinvestment Act recently enacted by Congress is one of the biggest legislative packages in our history. Roughly two-thirds spending and one-third tax cuts, it prioritizes such “targeted, timely, and temporary” measures as ‘shovel ready’ building projects, added unemployment insurance benefits, and state fiscal relief — a host of programs to help put America to work.

And, importantly, the recovery plan prioritizes investments in early care

and learning. The Child Care and Development Block Grant, which supports subsidies for working parents, will increase by \$2 billion dollars. Funds for Early Head Start, a comprehensive child development program for low-income parents, will grow by \$1.1 billion and Head Start itself will receive an additional \$1 billion. These are significant increases and signal the importance the President and Congress place on early childhood. They also acknowledge that parents can’t go to work without child care and that child care and early learning programs are major employers.

Long have we struggled to make the case for investing in young children, birth to 5, and in the programs they are in. And in the recovery package, it appears our leaders are getting the message. But the annual appropriations process — when the President and Congress determine our annual federal budget — is just about to begin. And then there’s a whole spate of legislation affecting child care ahead.

What’s the next step?

Will the Obama Administration continue to support the foundation programs in early childhood education, the Child Care and Development Block Grant, and Head Start?

Will Congress work with the Administration to make sure that the early learning challenge grants our President rallied so many in our field with as a candidate are designed to support efforts to build a system of early childhood education in the states? And how will we work together to support the committed and talented members of the early childhood workforce as well as attract new professionals to our field?

Maybe it will take a crisis, one just like the recession we’re in, to help our leaders ‘get it.’ It will certainly take your voices. In December and January, thousands of child care providers responded

to calls from Early Care and Education Consortium, the National Women's Law Center, and other national organizations to contact the President-elect and Congress to support funding for child care in the economic recovery plan. Our leaders listened. Now let's help them keep moving in the right direction.

Is child care a luxury or a basic?

One message we have to get across is that high-quality child care isn't a luxury; it's a necessity — a basic that helps families get ahead by giving parents the support and peace of mind they need to be productive at work. And child care helps our nation stay competitive, with a stronger work force now and in the future. Children in child care learn and develop skills they need to succeed in school and in life. When America supports child care, we encourage children, families, and our nation to reach their full potential.

Congressional staff are interested to hear from you about what families are experiencing; what you're experiencing in your programs every day. Providers need to participate actively in the debate — what should Congress and the President tackle and how?

Visit the Early Care and Education Consortium web site, www.ececonsortium.org, to learn how you can help send a message. On the web site you can help us help you to tell the stories to Congress and the Administration about what should be the next step.

Maybe it's time to get your Member of Congress or state legislator into your center to see up close what's working and what's needed. On the ECEC web site, there's also a site visit kit available online to help you host an easy and successful visit.

However you choose to be involved, it's important to be involved this year. The

Highlights of the American Recovery and Reinvestment Act Related to Early Care and Learning

- Child Care & Development Block Grant — \$2 billion, with specific set asides for quality and infant/toddler care
- Early Head Start — \$1.1 billion
- Head Start — \$1 billion
- Department of Defense new child development centers — \$240 million
- IDEA Part C (infants and toddlers) — \$500 million
- IDEA Part B (preschool) — \$400 million
- Title I, Elementary and Secondary Education Act/NCLB, which can be used for early childhood education — \$13 billion

111th Congress and the Obama Administration are in a position to make important changes in the child care and early learning field, and what they do will have long-term implications for you and your program. And to get it right, they'll need input from experts in program development and delivery — that's you!

Endnotes

1 The Economic Downturn: The View from America's Child Care Centers, Early Care and Education Consortium, January 22, 2009, (www.ececonsortium.org/ECEC_The_Economic_Downturn_View_from_Americas_Child_Care_Centers_update_1_2009.pdf).

2 "Squeezed on All Sides, Parents Forego Daycare," *Washington Post*, December 21, 2008, (www.washingtonpost.com/wp-dyn/content/article/2008/12/20/AR2008122002113_2.html).