

OCTOBER 2020

PIECING TOGETHER SOLUTIONS:

Returning to Work and the Childcare Dilemma

The COVID-19 public health crisis has underscored the essential nature of childcare for working parents, the larger workforce, and the economy. When, in response to COVID-19, nearly half of childcare providers closed their programs,¹ working parents had to quickly find provisional childcare arrangements while they continued to work or searched for new opportunities. Although some childcare programs have reopened since the spring, most are operating at limited capacity and with increased operational costs.

With that in mind, the U.S. Chamber of Commerce Foundation launched a new longitudinal study to understand how childcare challenges are affecting working parents amid the COVID-19 pandemic. This study builds upon a series of studies conducted by the Foundation in the fall of 2019, which found that state economies were losing billions of dollars annually due to childcare challenges for working parents.

In the spring and summer of 2020, the Foundation surveyed parents, employers, and childcare providers to understand how these childcare challenges had evolved due to COVID-19. In August, the Foundation surveyed working parents again to better understand if and how their childcare challenges may have evolved as the impact of COVID-19 has endured. Here are a few topline findings:

TOPLINE FINDINGS

63%

of parents anticipate needing to change their childcare arrangement in the next year, a slight increase from **60%** in the June survey

33%

of parents are using family members or friends for childcare, compared to **28%** in June and **29%** pre-COVID

61%

of parents have returned to work, **26%** are likely to return, and **13%** are unsure or unlikely to return

26%

of parents are paying for a childcare arrangement they are not currently using

50%

of parents who have not yet returned to work cite childcare as a reason they have not returned

Among parents who have not yet returned to work,

30%

will be unable to return to work if their school district adopts an online learning model

¹ National Association for the Education of Young Children (March 17, 2020). *Child Care in Crisis: Understanding the Effects of the Coronavirus Pandemic*.

Key Takeaways: Finding Childcare Arrangements

We have separated our key takeaways into two categories: (1) Finding Alternative Childcare Arrangements and (2) Returning to Work. The takeaways categorized as Finding Alternative Childcare Arrangements are focused on understanding what childcare arrangements look like currently, and whether those solutions are meeting the needs of working parents and their young children.

The Changing Childcare Equation

Prior to the pandemic, working parents had carefully constructed a “[Childcare Equation](#)” to meet their family’s care needs. However, as a result of childcare program closures, health and safety concerns, public health guidelines, and workforce changes caused by COVID-19, most parents have been forced to adjust their childcare arrangement and look for temporary solutions. In June of this year, 67 percent of parents had changed their childcare arrangement in the preceding three months and 60 percent of parents anticipated more changes in the year ahead. As parents predicted, the temporary childcare adjustments continued over the summer. When parents were polled again in August, 57 percent of parents had changed their arrangement in the preceding three months. Furthermore, the majority of parents have yet to find a long-term solution, as 63 percent of parents still expect to change their childcare arrangement in the next year. The data show parents continue to be unsettled in how best to secure sustainable childcare for young children.

FIGURE 1

Percentage of parents who have changed their childcare arrangement in the past three months

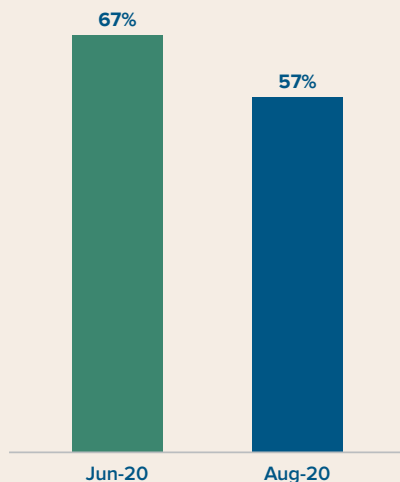
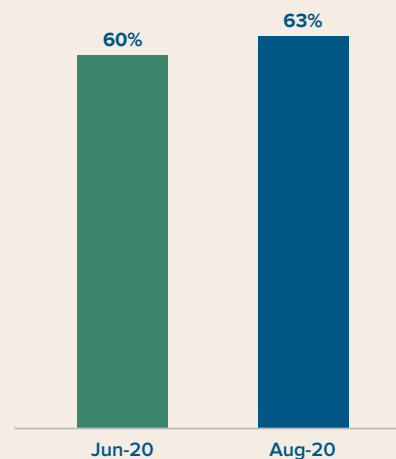


FIGURE 2

Percentage of parents who will need to change their childcare arrangement in the next year



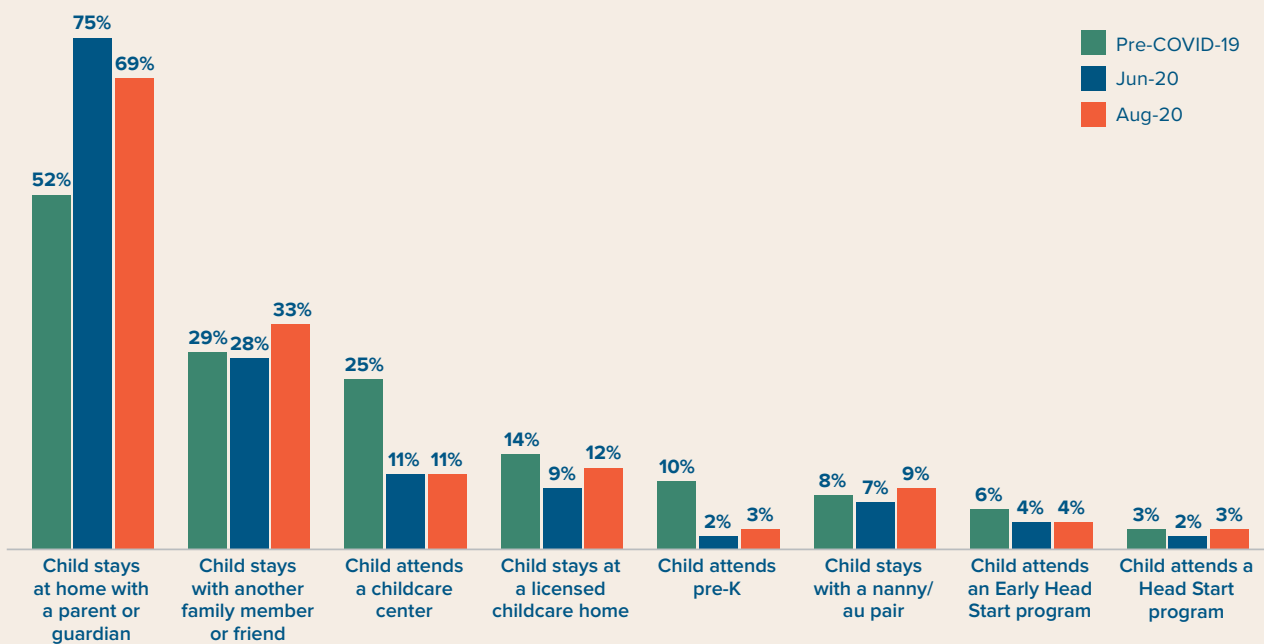
Parents Must Find Alternative Arrangements

Two primary reasons that parents have for changing their arrangement in the past three months are that their previous arrangement closed (58%) and their provider restricted hours and/or spaces (31%). A third reason cited by 29 percent of parents – health and safety concerns – was shared by more parents in August than in June (25%). This increased concern about health and safety and the implications for childcare arrangements occurred even while there was a decrease in daily positive cases and increased mitigation efforts.

As parents begin returning to work, those with children at home must find alternative arrangements that they are comfortable with and have open capacity. Meanwhile, childcare center usage remains at less than half of pre-COVID levels, as the childcare industry continues to suffer from closures and regulated capacity levels. Therefore, the number of parents who use family members or friends for childcare is above pre-COVID levels, as is parents who use a nanny/au pair. Comparatively, high-income parents are more likely to rely upon licensed, home-based childcare than low-income parents (18% vs. 6%) and are more likely to use a nanny/au pair (14% vs. 9%). As competition for home-based childcare slots and nannies increases, prices do as well, making those options cost-prohibitive for low-income parents. Those parents are then forced to rely on children staying at home (with or without a parent) or staying with other family members or friends.

FIGURE 3

Percentage of parents using each type of childcare arrangement



HOME-BASED PROVIDERS

“In the beginning, we lost about 50 percent of our clientele. We chose to remain open because if we’re not here providing care for those families who are working, who’s going to be out there in the hospitals or the grocery stores?”

– Home-based childcare provider in California

The percentage of working parents who use licensed, home-based childcare has almost returned to pre-COVID levels. However, those providers, who are also small business owners, are struggling to remain open. Prior to the pandemic the supply of home-based providers was on the decline. Between 2010 and 2016, the supply of home-based providers decreased by an alarming rate of 20 percent.² Home-based providers have especially struggled during COVID-19, as many have been disconnected from the small business community and lack the knowledge and support needed to access small business relief funds such as the Paycheck Protection Program. Furthermore, with very few employees, most providers are purchasing personal protective equipment (PPE) at stores along with the general public. This means that they are facing limited supplies and purchase restrictions on PPE, making their situation particularly complicated as they try to keep children and themselves safe.

Yet, many parents are looking to home-based providers as an alternative solution to childcare centers with long waitlists and fewer children. In looking for home-based providers, parents who are desperate for help may turn to unlicensed care from individuals who are recently unemployed and looking for a source of income. However, those individuals are unregulated and ill-equipped to provide high-quality childcare. Therefore, employers, state and federal policymakers, and early education advocates need to think critically about how to provide the support that home-based providers need, while ensuring that any attempt to increase the supply of these providers is focused on quality, licensed options.

² Committee for Economic Development (2019 Update). *Child Care in State Economies*. <https://www.uschamberfoundation.org/article/childcare-essential-industry-economic-recovery>

Limited Childcare Options Adds a Financial Burden for Parents

As childcare programs struggle to remain open with limited capacity, many programs are asking parents to pay a fee to hold their spot in hopes of surviving this crisis without significant outside investment. Consequently, 26 percent of working parents are paying for a childcare arrangement that they are not currently using. On average, those parents are paying \$370 per month per child for that arrangement, and in some cases, parents are paying up to \$2,500 per month. For many parents, this is an additional cost on top of their current arrangement, which may be paying a nanny or friend or reducing their work hours to provide childcare. Further, 29 percent of parents who are not returning to their previous arrangement cite financial reasons for not returning, the second most common reason behind health and safety concerns.

As parents consider returning to work, the financial burden of childcare becomes more important to their decision to return to work. In August, 61 percent of parents reported that receiving financial assistance for childcare from their employer is important to their decision to return to work, a significant increase from 50 percent of parents in June.

One way to alleviate this burden for some parents is allowing them to access funds in their Dependent Care and Flexible Spending Account (DCFSA). As DCFSA funds can only be used for eligible childcare expenses, many working parents have a significant amount of money in their account that they are unable to use now that their childcare provider has closed or is operating at limited capacity. Although parents have been able to change DCFSA contributions since the pandemic began, it is difficult to predict the appropriate budget amount. One scenario is that parents allocated too much for childcare and those funds are now needed to cover different household expenses. The ability to access those funds to meet other needs could help relieve some of the financial burden that many working parents are facing. This issue is one example of how policymakers and employers can come together to better meet the needs of working parents.

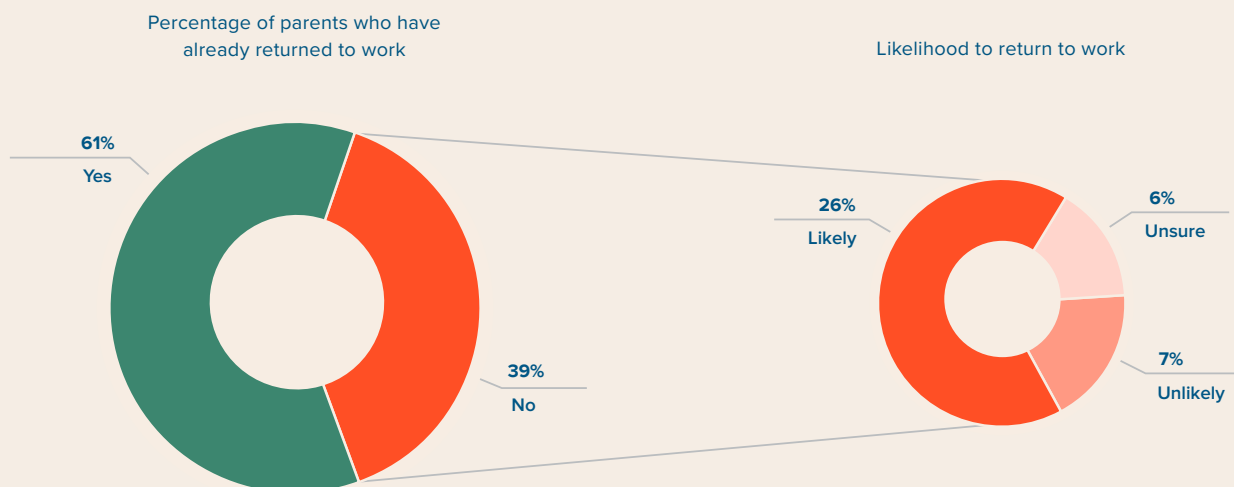
Key Takeaways: Returning To Work

The findings categorized as Returning to Work focus on how working parents are viewing their decisions to return to work and what they view as important to that decision.

Childcare is a Main Barrier to Returning to Work

Sixty-one percent of parents report that they have returned to their pre-COVID work situation, whether that means returning to the office, returning to the workforce after being laid off, or returning to their regular work hours. Twenty-six percent of parents are likely to return in the future. Thirteen percent are unsure or unlikely to return to their pre-COVID work situation, a significant decrease from June results when 22 percent of parents were not certain about returning, reflecting a general anticipation of more typical work situations.

FIGURE 4



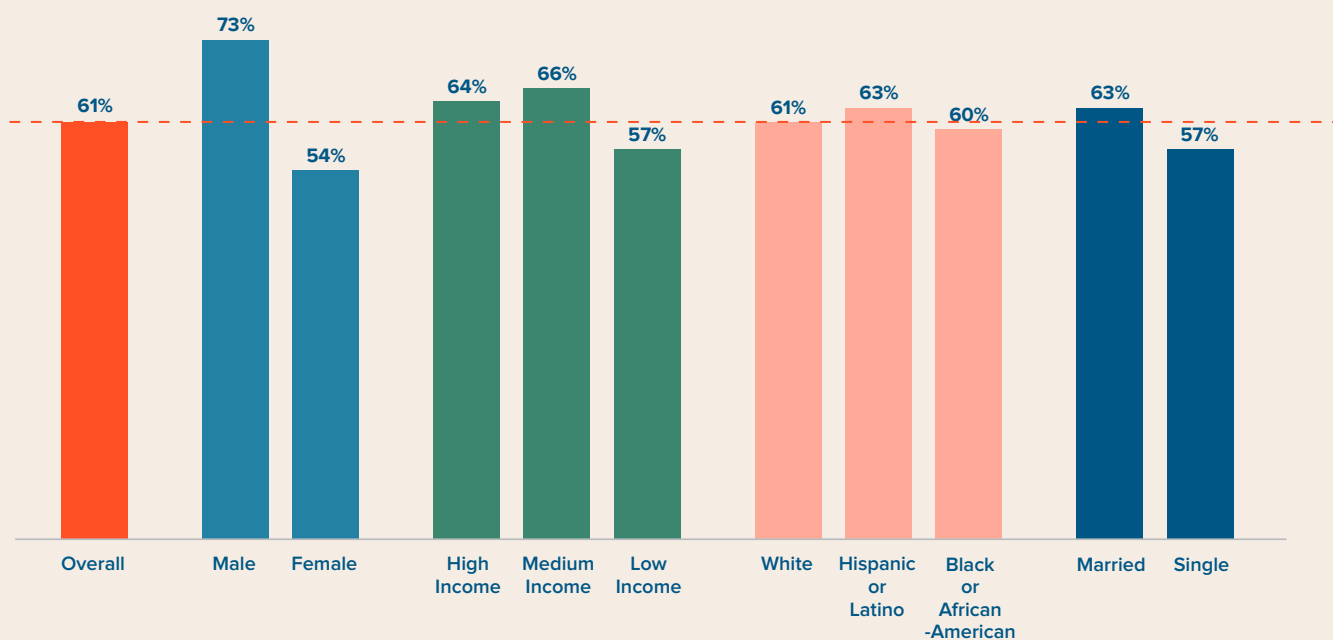
However, the ability to return to work varies among different groups. Census data reported in August explained how the pandemic was disproportionately affecting women's current work situation.³ Our data also show that women are much less likely to have returned to work than men (54% vs. 73%), as are low-income parents compared to middle-income parents (57% vs. 66%). One reason for this disparity is childcare; half of all parents who are unlikely to return to work cite childcare as a prohibiting fact in returning to work, and women, single parents, and low-income parents are more likely to cite childcare as a reason they are unable to return.

While their childcare needs have remained unsolved, parents are making permanent career decisions related to their participation in the workforce based on temporary childcare solutions. Eleven percent of parents have declined a new opportunity, such as a promotion or a new job, in the past three months to provide childcare. Again, women are disproportionately affected; 14 percent of women have declined a new opportunity compared to seven percent of male parents.

“Parents are making permanent career decisions based on temporary childcare solutions.”

FIGURE 5

Parents who have returned to their pre-COVID work situation



³ U.S. Census Bureau (August 18, 2020). "Working Moms Bear Brunt of Home Schooling While Working During COVID-19."

K-12 School Decisions Have Significant Impact

In mid-August when parents were surveyed, many school districts had not finalized re-opening decisions (e.g., online, in person). Now, at the beginning of the school year, districts are anticipating that changes may be required in the event of infection spikes throughout the school year. Those decisions have a significant impact on the workforce, including working parents who do not have children in the K-12 system, educators, and administrators.

Fifty-seven percent of parents who have not yet returned to work (22% of all parents) are unlikely or unsure whether they will return if their school district adopts online learning. Low-income parents are disproportionately affected by this decision as well; 71 percent of low-income parents who have not yet returned to work (31% of all low-income parents) are unlikely or unsure whether they will return if their school district adopts online learning. Working parents with young children are both directly and indirectly impacted by the choice of school district leaders. For those who also have school-aged children, juggling work with online learning and without childcare is a significant burden on parents and logistical nightmare. For those working parents without school-aged children, they are still indirectly impacted by K-12 teachers' access or need for childcare and the limited supply of care in the community that may result. At the same time, the K-12 system and childcare system are not typically connected or communicating with one another, yet the decisions and functioning of each impacts the other.

57%

of parents who have not yet returned to work (22% of all parents) are unlikely or unsure whether they will return if their school district adopts online learning

Implications and Additional Areas of Exploration

In the first parent survey from early June, two-thirds of parents had adjusted their childcare arrangement due to COVID-19. Now, six months after the beginning of the pandemic, the majority of parents have yet to find a stable solution to their childcare needs. Yet, as parents are expected to return to work, they must find provisional childcare arrangements.

Moreover, as local and state regulations loosen, and more employees are expected to return to work, employers need to be aware of the childcare needs of their employees. The decrease in available childcare providers in an already deficient market has left many of their employees without childcare options. While many employers are waiting to implement more long-term solutions for workforce needs until the impact of COVID-19 is clear, parents are often unable to wait and are making more permanent career decisions, such as leaving the workforce or denying job opportunities, because of their immediate childcare needs.

Childcare advocates must also be aware that parents in these situations are facing incredibly difficult decisions between not returning to work or using unregulated or unlicensed forms of childcare. It is also clear that the groups most affected by the childcare dilemma are women and low-income parents. Female parents are more likely to have been laid off or furloughed than male parents (16% vs. 9%), and they are much less likely to have returned to work (54% vs. 73%). Thirty-one percent of all low-income parents are unsure or unlikely to return to work if their school district adopts an online learning model, and with two-thirds of low-income parents working in designated essential jobs, this issue needs resolution to help rebuild our economy.

As childcare remains a primary concern for parents across the country, the Chamber Foundation will collect additional data on working parents and employers this fall. As this survey has shown, employers play a pivotal role in getting parents back to work. Therefore, the Chamber Foundation will gather more insights into how employers are considering returning to work. The pandemic will continue to be a major public health concern — further exacerbating the childcare dilemma — through the end of 2020. Employers will continue to shift their priorities and needs, childcare providers will continue to need to find safe ways to operate, working parents will continue to navigate return-to-work scenarios, and so, the Chamber Foundation will continue to survey and analyze how failing to address the current childcare challenges could have far-reaching implications on families and the economy. ■

“The majority of parents have yet to find a stable solution to their childcare needs.”

APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

The U.S. Chamber of Commerce Foundation conducted an online survey of parents who have one or more children under the age of six and are currently employed or were employed within the past six months. The sample included 550 parents from 49 states and more than 20 industries. The survey was fielded from August 13 – September 2, 2020.

AGE	18-24	25-34	34-44	45-54	55+
N=550	17%	32%	30%	15%	5%

GENDER	Female	Male
N=550	60%	40%

RACE AND ETHNICITY	White, non-Hispanic or Latino	Black	Hispanic or Latino	Asian	Other
N=550	64%	11%	16%	5%	4%

ANNUAL INCOME	Less than \$50K	\$50K - \$100K	More than \$100K
N=550	38%	32%	30%

MARITAL STATUS	Married, or in a domestic partnership	Single	Divorced	Separated	Widowed
N=550	74%	18%	5%	2%	1%

EDUCATION	Less than high school	High school diploma	2-year college or technical degree	4-year college degree	Advanced degree
N=550	3%	34%	11%	24%	27%

EMPLOYMENT	Employed full-time	Employed part-time	Furloughed	Unemployed within the last six months
N=550	69%	15%	1%	14%

ESSENTIAL WORKERS	Essential	Non-essential
N=550	67%	33%

APPENDIX B: CHILDCARE AND PAID LEAVE BENEFITS

Although there is a lot of energy around paid leave policies across the country, with any solutions proposed, access to affordable, high-quality childcare is still a problem for many families. Respondents to our survey conflated, and understandably so, childcare and paid leave benefits. We included all their responses while also recognizing that they are distinct topics and our report only examines childcare.

