

# CHILD CARE IN ILLINOIS: PARENTS CAN'T AFFORD TO PAY. WORKERS CAN'T AFFORD TO STAY.



Chicago Child Care Provider Laura Maldonado is part of the fight to ensure every family has affordable child care and every child care worker has fair wages.



# EXECUTIVE SUMMARY

The struggles faced by child care providers and parents have received increased attention in the national media, by policy makers, and by other influential stakeholders as child care plunged deeper into crisis due to the COVID-19 pandemic. The many crises faced by the child care system have long predated the pandemic, however, and this new attention feels long overdue to the parents and workers most impacted by the failings of the current system. The purpose of this report is to clarify the urgency of reshaping child care in Illinois by setting out the interrelated ways in which it is failing Illinois' families, workers, and the public at large:

- ◆ Due to insufficient capacity, child care is **unavailable**.
- ◆ Due to high costs and insufficient public support, child care is **unaffordable**.
- ◆ Due to a long history of exploiting and neglecting child care workers, child care is **unsustainable**.

**PROBLEMS ARISE FROM THE CURRENT MARKET-BASED CHILD CARE SYSTEM, IN WHICH PARENTS AND WORKERS SHOULDER THE HIGH COST OF CARE IN THE FORM OF HEFTY ENROLLMENT FEES AND LOW WAGES.**

These problems arise from the current market-based child care system, in which parents and workers shoulder the high cost of care in the form of hefty enrollment fees and low wages. The overall failure of the system results in a depleted child care capacity, insufficient to serve all families in need. Navigating this situation leaves both parents and workers economically depleted and in a constant state of anxiety. The failures of the current system are felt by parents and workers of all demographic and economic backgrounds, however, they hit low-income communities of color the hardest. This is particularly evident in how the system fails child care workers, who are disproportionately women of color.

To address the failures of the current system, a substantial increase in public investment is needed. Echoing this sentiment, the Illinois Commission on Equitable Early Childhood Education and Care Funding, established by Governor J.B. Pritzker in 2019, has recommended that the state make an annual investment in child care of \$12.4 billion, which is more than six times current state and federal spending on child care in Illinois. Our state has the resources to not only make such an investment, but to guarantee quality and affordable child care to all residents in need, if rich individuals and corporations pay their fair share of taxes.

## Child Care is UNAVAILABLE

**THIS DECLINE HAS PARTICULARLY IMPACTED COMMUNITIES OF COLOR, WHO DISPROPORTIONATELY RELY ON THIS TYPE OF CARE.**

Child care is widely unavailable to families, both nationally and in Illinois. In Illinois, 58% of the population resides in an area where there aren't enough nearby child care providers to care for the local population of children. Meanwhile, family child care providers, who are paid rates equivalent to subminimum wage,

are leaving the profession. From 2012 to 2019 in Illinois, licensed family child care capacity declined 20% and the number of license-exempt family child care homes declined by 65%. This decline has particularly impacted communities of color, who disproportionately rely on this type of care. Overall licensed capacity in Illinois decreased in the years prior to the pandemic as well, as the capacity of licensed child care centers also decreased. The child care industry struggled to meet the needs of Illinois' families and was ill-equipped to manage the profound shock of the COVID-19 pandemic.

The pandemic deepened the crises facing child care providers, as most child care centers were required to close during the stay-at-home period and family child care providers were limited to serving essential workers and taking on fewer children. The pandemic also drove a longer term drop in child care enrollment that has made it difficult for providers to rebound. As the economy has recovered, parents are finding it more difficult than ever to access care. For example, the Census Bureau found over one-third of parents with young children in Illinois experienced a child care disruption during the first two weeks of March 2022, meaning that at some point during this period they were unable to access child care. This has disproportionately impacted working women, who left the workforce at a greater rate than men during the initial stages of the pandemic and have been slower to return to work.

**AS THE ECONOMY HAS RECOVERED, PARENTS ARE FINDING IT MORE DIFFICULT THAN EVER TO ACCESS CARE.**





## Child Care is UNAFFORDABLE

Child care is widely unaffordable for parents both nationally and in Illinois. In Illinois, the annual cost of center care for an infant is \$13,000, while in Chicago the average annual cost of care is close to \$19,000. A family with more than one young child in need of child care could easily spend between \$20,000 - \$50,000 per year. Child care in Illinois thus costs more than most public universities and far exceeds the cost of other major household expenses. Meanwhile, the public child care programs in Illinois are not available to enough families to mitigate the high costs of child care. The Child Care Assistance Program (CCAP), the child care subsidy program available to low income families in Illinois, only serves families at or below 200% of the Federal Poverty Line. Families in the program are required to pay copays that are burdensome to many. To make matters worse, when child care providers opt out of or limit participation in the CCAP program, this has the effect of making those providers unaffordable for many families.

## Child Care is UNSUSTAINABLE

The undervaluing of child care workers has led to a workforce crisis for the child care industry, as family child care providers close and centers struggle to recruit staff. While COVID-19 has accelerated these issues, the crisis long predates the pandemic. From 2018 through 2019, the turnover rate for early childhood teachers was almost one-third and the turnover rate for early childhood teacher assistants was almost 50%. During the same time period, center directors widely reported severe difficulty recruiting teachers. Following the pandemic, over 80% of early childhood teachers responding to a survey by the National Association for the Education of Young Children noted a staffing shortage at work.

**FOLLOWING THE PANDEMIC, OVER 80% OF EARLY CHILDHOOD TEACHERS RESPONDING TO A SURVEY BY THE NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN NOTED A STAFFING SHORTAGE AT WORK.**

This crisis is fueled by the undervaluing and underpaying of child care workers. In 2019, licensed family child care providers in Illinois made an average of \$7.04 an hour, while license-exempt family child care providers made even less. In child care centers, early childhood educators made an average of just \$13 an hour and are saddled with a burdensome level of student debt. The result is that nearly 20% of early educators in Illinois live in poverty. This situation has grown out of a long history of devaluing the labor of care workers, the vast majority of whom are women and people of color. Overcoming the child care workforce crisis requires breaking from this sexist and racist history and acknowledging that we have a collective responsibility toward child care workers, who provide an essential public good necessary for the proper functioning of the economy and society at large.

## We Can SOLVE This Together

To solve the issues with our broken child care system, we must break from the perspective that child care is the individual responsibility of parents or child care workers. Acting alone, parents cannot surmount the unaffordability and inaccessibility of child care, and child care workers cannot overcome our bleak history of exploiting care workers. However, if we come together as a state, we can make the investments in child care that are so urgently needed. This requires leaving behind our failed market-based child care system, in which child care providers are often forced to manage the high costs of care by paying low wages and charging hefty enrollment fees. Instead we must treat child care as an investment in our society, in our children, and in the future, which requires substantially increasing the public resources available for this critical service. Highlighting the woefully insufficient level of child care investment in Illinois, the Governor's Funding Commission for Early Childhood Education has recommended that billions in additional funds be dedicated to alleviating problems with child care access and low compensation for child care workers.

Illinois has the resources to build a system that works for parents, children, and child care workers. If Illinois were a country, it would have the 18th largest economy in the world. Moreover, Illinois ranked last among all 50 states for spending on health, education, and human services relative to the size of its economy for the most recent year data is available. If Illinois instead spent on these services at the median rate, this would entail a doubling of current spending levels. In order to make this investment, we need to ensure that rich individuals and wealthy corporations pay what they owe. Many large corporations in Illinois pay little to no taxes, despite the fact that the wages they pay their employees are so low that these workers rely on public assistance. For instance, the top three employers of CCAP parents in the state are Walmart, McDonalds, and Amazon, respectively. As potential models, Illinois could look to New York, which will double its investment in child care over the next few years, Washington D.C., which invests many times the national average per pupil, or New Mexico, which recently announced that it will make child care free for nearly all families in the state for the next year.

The interests of child care workers and parents are aligned in regard to reforming our child care system. A system that is able to provide high quality child care for all of Illinois' children is also a system that provides workers with stable, living-wage jobs. Reorienting how the public views and values child care is a significant challenge that will necessarily rely on those most affected: parents, child care workers, and the children themselves. However, such a reorientation is needed to meet this moment of crisis and deliver the child care system that Illinois deserves.

**A SYSTEM THAT IS ABLE TO PROVIDE HIGH QUALITY CHILD CARE FOR ALL OF ILLINOIS' CHILDREN IS ALSO A SYSTEM THAT PROVIDES WORKERS WITH STABLE, LIVING-WAGE JOBS.**

# INTRODUCTION

The many crises afflicting the child care system in the United States have received increased attention by the national media, policy makers, and other influential stakeholders as the economy recovers from the COVID-19 pandemic.<sup>1</sup> This is largely the result of a perspective that the inaccessibility of child care is a roadblock to an economic recovery premised on millions of US residents returning to the workforce. From the viewpoint of many parents and child care workers, however, this new attention feels long overdue, as our failure to develop child care as a system that supports all families has been a major factor shaping their lives since long before the pandemic.

This report is intended to clarify the urgency of reshaping child care in Illinois by setting out the interrelated ways in which it is failing Illinois' families, workers, and the public at large:

- ◆ Due to insufficient capacity, child care is **unavailable**.
- ◆ Due to high costs and insufficient public support, child care is **unaffordable**.
- ◆ Due to a long history of exploiting and neglecting child care workers, child care is **unsustainable**.

It is charitable to even use the term “system” to describe child care as it exists currently. Parents often describe child care more aptly as an obstacle course. For many, it feels like a minefield, one that leaves families economically depleted and impaired, and in a state of near-constant anxiety and potential upheaval. Rather than a “system,” what we have could be better characterized as a disorganized patchwork of providers struggling to provide quality care as they compete for the scant resources available.

**IT IS CHARITABLE TO EVEN USE THE TERM “SYSTEM” TO DESCRIBE CHILD CARE AS IT EXISTS CURRENTLY.**

It is important to recognize that the stresses and harms of our failures in the area of child care do not impact all equally. While the negative impacts of a system in which child care is unavailable, unaffordable, and unsustainable are felt by parents and workers across the demographic and economic spectrum, this report reveals the ways they hit low-income communities of color the hardest. Similarly, a significant way that the system fails families is by failing child care workers. Even if we were to evaluate the state of child care without factoring in conditions for those providing care, this failure shows up in high turnover and staffing and provider shortages that severely restrict families' access to care. Once again this ends up disproportionately impacting low-income communities of color, because those we have consigned to low-wage work in child care are disproportionately women of color.

## **THE CRISES FACED BY CHILD CARE PROVIDERS AND THE FAMILIES THEY SERVE SIGNIFICANTLY PREDATE COVID-19.**

While the pandemic and its associated economic shocks have exacerbated the crises faced by child care providers and the families they serve, these issues significantly predate COVID-19. These problems can be traced back to the current market-based child care system, in which parents shoulder the high costs of quality care, many of whom simply cannot afford to shoulder this burden. Costs are also passed on to child care workers in the form of low wages, leading to difficulty recruiting and retaining staff. The overall failure of this system has resulted in a depleted child care capacity that is much too low to serve all the children in need of care.

When private markets fail to adequately provide a service like child care that is essential to the quality of life and economic security of working families, it is the government's duty to step in. Unfortunately, with President Biden's child care and early learning agenda stalled in the Senate, it seems unlikely that a substantial long-term federal investment in child care is on the horizon. In lieu of such an investment, Illinois can and must reimagine child care at the state level. Echoing this sentiment, the Illinois Commission on Equitable Early Childhood Education and Care Funding, established by Governor J.B. Pritzker in 2019, has recommended that the state make an annual investment in child care of \$12.4 billion, which is more than six times current state and federal spending on child care in Illinois.<sup>2</sup> Our state has the resources to not only make such an investment, but to guarantee quality and affordable child care to all residents in need. The resources that exist in our state are not available to invest in child care because rich individuals and corporations are not paying what they owe.

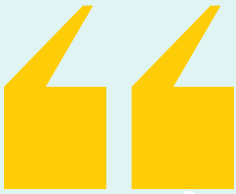
While this report is mainly focused on the deficits of the current system, its concluding section describes how a new vision for child care in Illinois—one in which child care is universally available and affordable and all child care workers are paid a living wage—is in fact achievable. This requires shifting how the public and policy makers have historically viewed child care, as the private responsibility of families and child care workers, to a public good that we all have a collective responsibility toward. This in turn means transforming the way child care is currently financed, through hefty enrollment fees and low wages, to a system in which the wealthy and large corporations fund the substantial public investments that are urgently needed.

This moment of increased attention on the crises of our current child care system is a key opportunity in the struggle for much needed reforms. By working together, parents, child care workers, and community allies can win the fight for child care for all and transform Illinois' child care system into a model for the rest of the nation.

**A NEW VISION FOR CHILD CARE IN ILLINOIS—ONE IN WHICH CHILD CARE IS UNIVERSALLY AVAILABLE AND AFFORDABLE AND ALL CHILD CARE WORKERS ARE PAID A LIVING WAGE—IS IN FACT ACHIEVABLE.**

# SYLVIA ESPINO

CHILD CARE PROVIDER, West Chicago

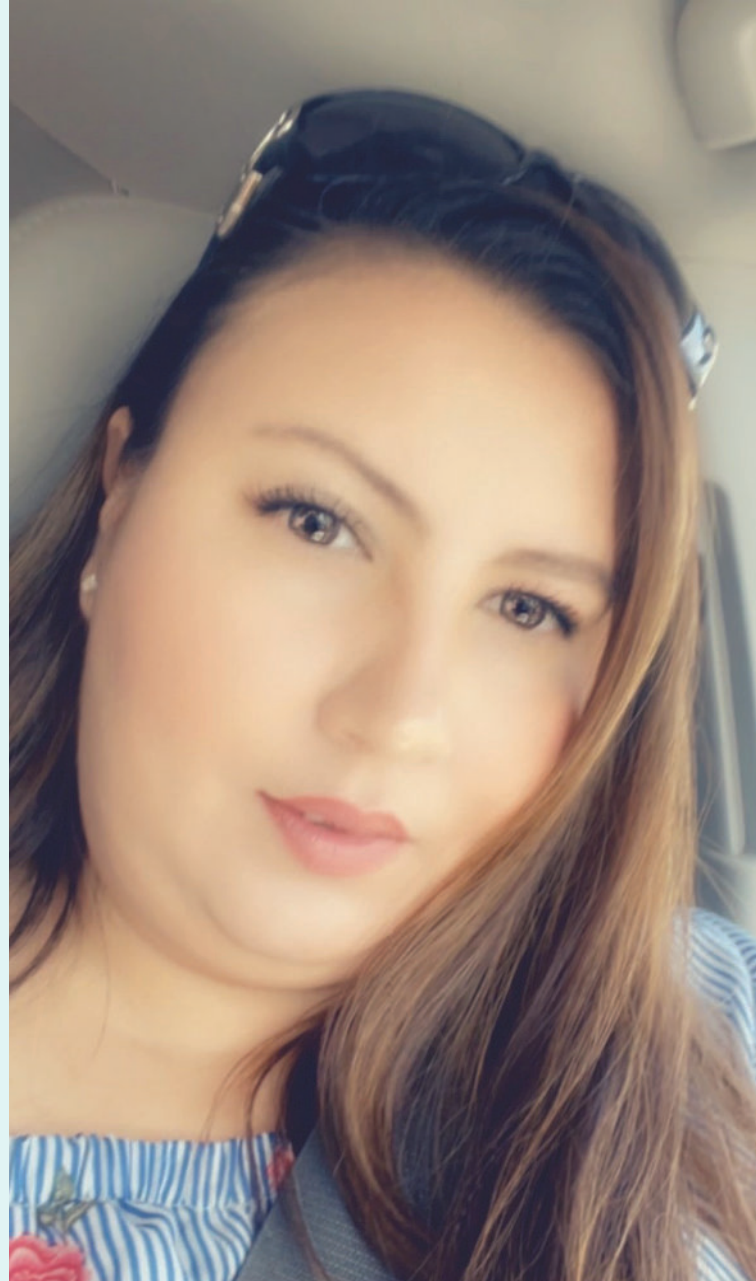


My kindergarten teacher inspired my choice of career. I dreamed of being an early childhood education teacher when I was a child. I'm now a licensed child care provider, but I want to get more education in my field. But it's just too expensive to finish my degree, and I don't make enough to afford the tuition.

**When I dreamed of being in early education, I never thought I'd have to struggle so hard financially.** My husband and I have three children and he had an accident at work and wasn't able to get workers' compensation. I'm now the primary income earner for the family and recently I went months without receiving child care payments from the state for my work. In order to cover our family's expenses and pay the bills to keep my child care open, I had to take a second job working nights at a factory.

I did child care from 4:30 a.m. to 5 p.m. every day, and then went to the factory immediately after that and packed products until almost midnight. It was very mentally, emotionally and physically taxing but I had to earn enough to feed my family.

Being a child care provider and working a 12-hour day is taxing work by itself, but it's work I love and that I want to get more training for. It's just not right that I make so little that I have to work a second job and get less than four hours of sleep in order to feed my family. **We need more child care providers, but the pay and conditions are making early childhood educators like me think twice about staying in the profession.**





# CHILD CARE IS UNAVAILABLE

The child care industry in the United States is in a protracted crisis that makes accessing child care a challenge for working families. Child care workers, refusing to accept low wages and poor working conditions, are leaving the industry. As a result, child care centers are struggling to hire staff and family child care homes are closing down. This crisis is due to the failed market dynamics of a patchwork and largely privatized child care system: Parents simply cannot afford the cost of quality care, including adequate compensation for workers, and the public sector is not doing enough to help. The result is insufficient child care capacity, as working families throughout the US struggle to find the child care they need.

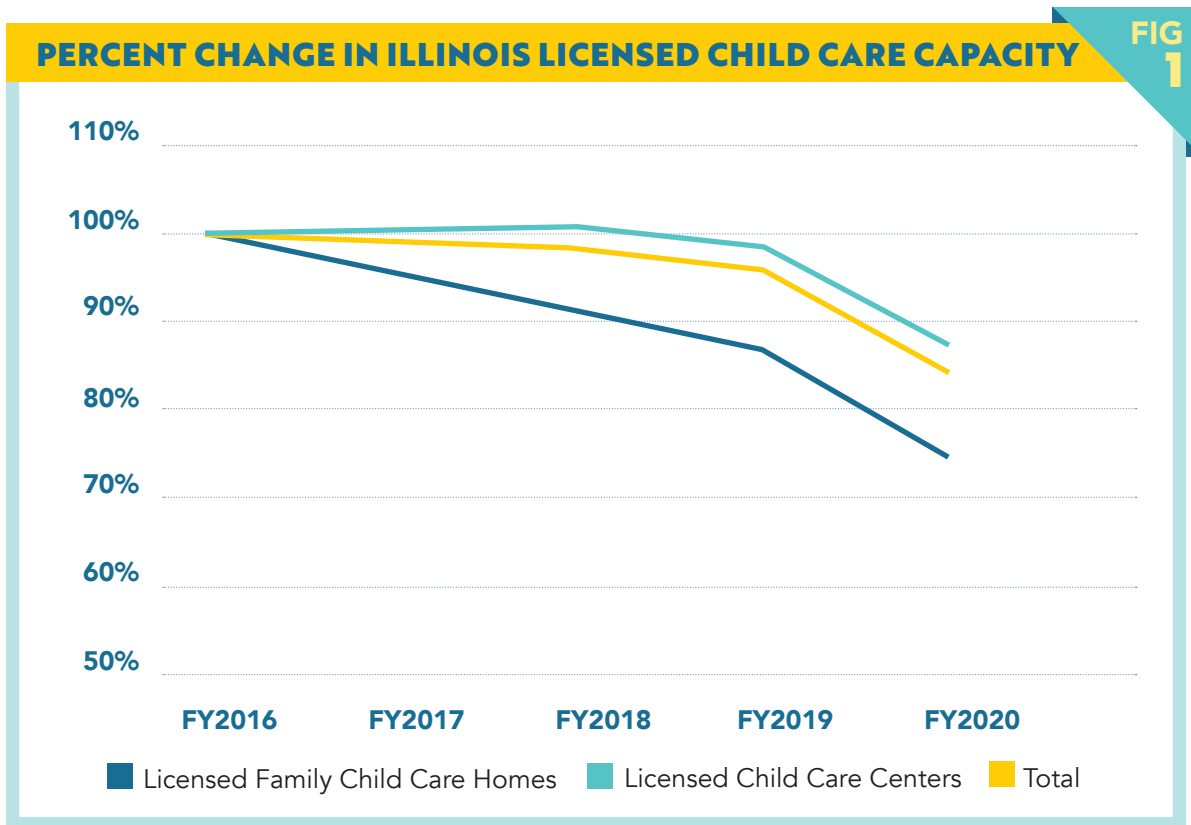
**MORE THAN 90,000 LICENSED FAMILY CHILD CARE HOMES SHUTTERED FROM 2005 TO 2017, AMOUNTING TO A 42% DECREASE IN THE TOTAL NUMBER OF LICENSED HOMES.**

According to a 2019 study by the Center for American Progress, more than half of the US population lives in child care deserts: areas with child care capacity insufficient to care for the local population of young children.<sup>3</sup> In Illinois, the numbers were worse, with 58% of the population living in child care deserts.<sup>4</sup> Meanwhile, family child care providers, who often work 70-hour weeks for rates equivalent to sub-minimum wage, are closing their businesses. A study by the National Center on Early Childhood Quality Assurance found that more than 90,000 licensed family child care homes shuttered from 2005 to 2017, amounting to a 42% decrease in the total number of licensed homes.<sup>5</sup>

In 2019, Illinois Governor J.B. Pritzker established the Early Childhood Funding Commission to study these issues and provide recommendations. They found that current public spending on early childhood education in Illinois, including both federal and state funding streams, is less than one-sixth of what is needed for a child care system that can meet the needs of Illinois' families. They also found that an annual investment of \$6 billion, more than half of the proposed additional funding, should be dedicated specifically to improving access to child care services.<sup>6</sup>

# BEFORE THE PANDEMIC: Illinois Child Care Capacity in Decline

In Illinois, pre-pandemic trends in child care capacity demonstrate a struggling industry, ill-equipped to manage the impending health crisis. The number of licensed child care slots declined from state fiscal years 2016 through 2020, as growth in the capacity of child care centers failed to compensate for the decline in family child care homes. From 2018 through 2020, capacity declined for both centers and homes. Figure 1 shows this decline in capacity, with trends worsening during state fiscal year 2020, possibly due to the onset of the pandemic (Figure 1).<sup>7</sup> While licensed capacity has recovered somewhat from the initial shock of the pandemic, in 2021 the number of licensed slots was down almost 10% from 2016.

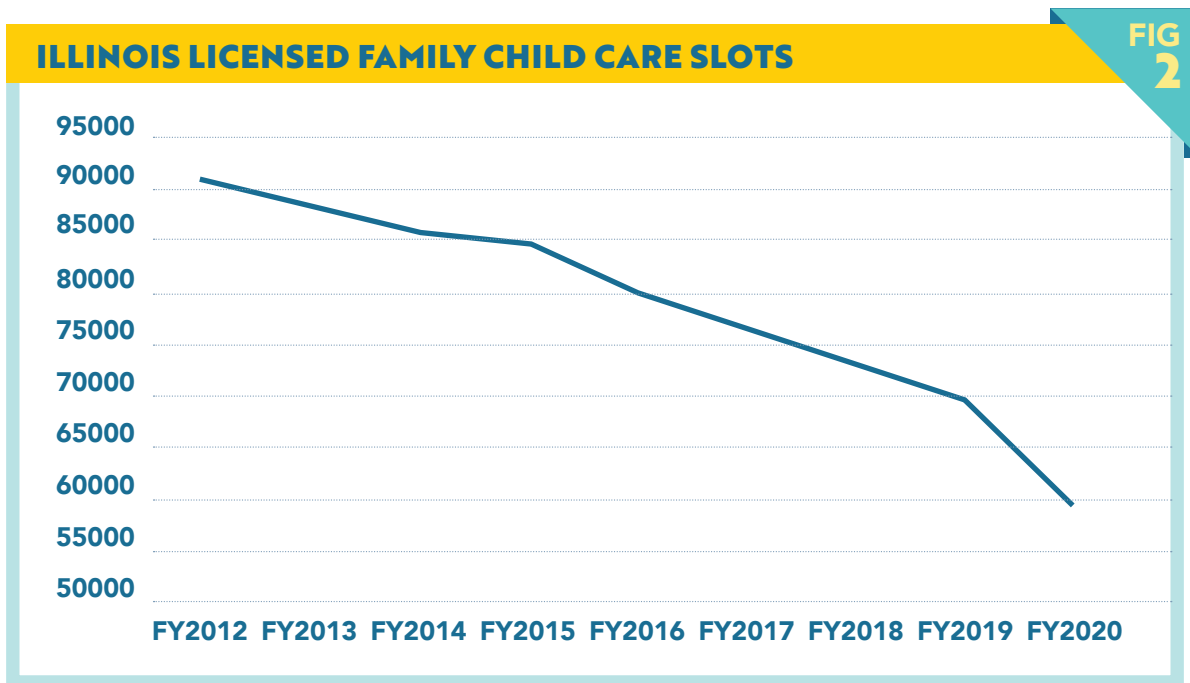


Percent change in number of child care slots in Illinois Department of Human Services (IDHS) statewide database. Data Compiled from IDHS annual child care reports.

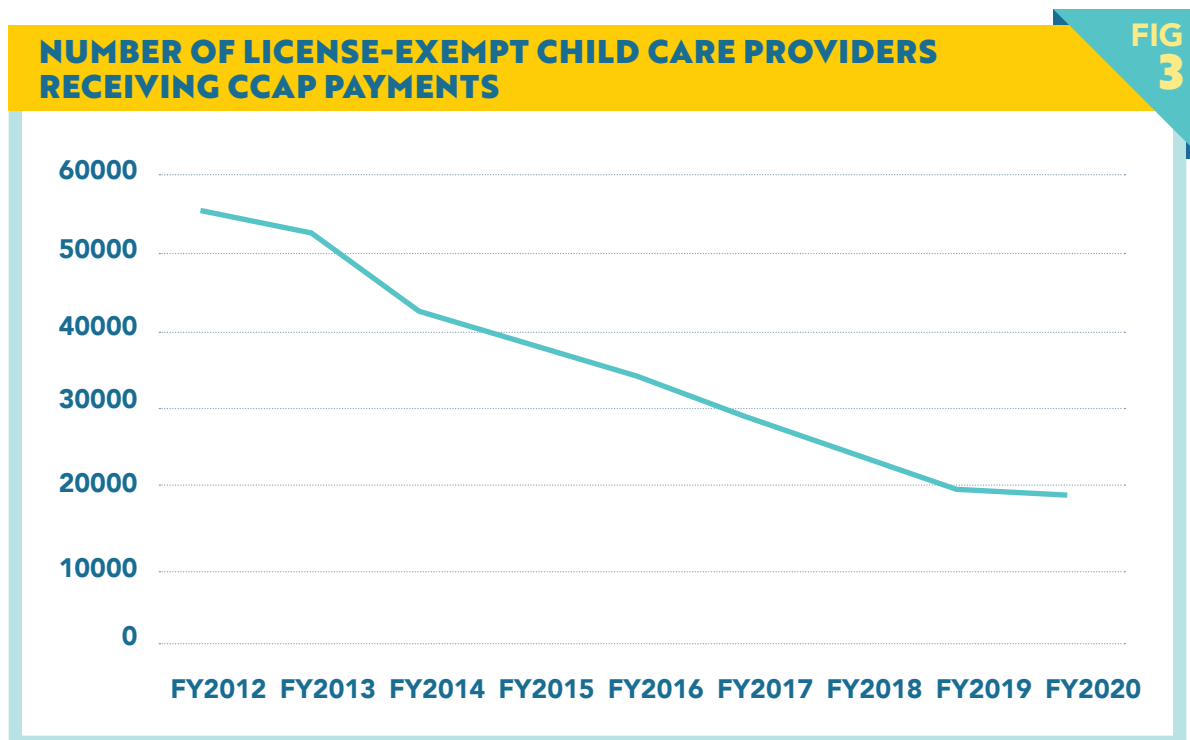
Source: Compiled from IDHS annual reports, number of slots in statewide database

**THE INCREASING SCARCITY OF HOME CHILD CARE HAS DIRE EQUITY IMPLICATIONS, AS THIS TYPE OF CARE IS PARTICULARLY RELIED UPON BY COMMUNITIES OF COLOR AND LOW-WAGE WORKERS.**

Matching the national trend, the number of licensed family child care homes in Illinois has been in decline since long before the pandemic, with capacity dropping more than 20% between 2012 and 2019 (Figure 2).<sup>8</sup> The decline in the number of license-exempt child care homes serving children in the state’s Child Care Assistance Program (CCAP) has been much more rapid, with a 65% decrease between 2012 and 2019 (Figure 3).<sup>9</sup>



Number of licensed home child care slots in Illinois Department of Human Services (IDHS) statewide database. Data Compiled from IDHS annual child care reports.

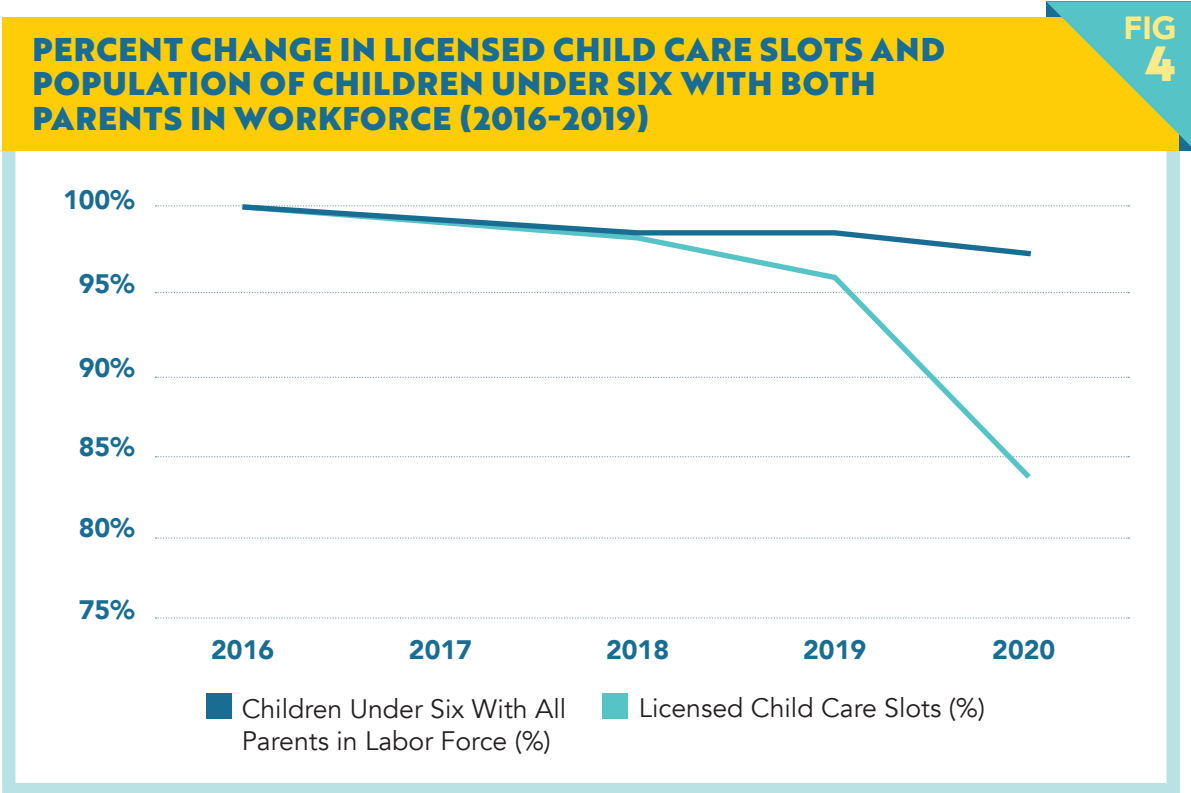


Data compiled from Illinois Department of Human Services annual child care reports. The datapoint for FY2015 is an outlier and has been omitted for clarity.

The increasing scarcity of home child care has dire equity implications, as this type of care is particularly relied upon by communities of color and low-wage workers.<sup>10</sup> This is in part due to the particular willingness and ability of family child care homes to accommodate nonstandard work schedules. Approximately half of low wage jobs in the United States require employees to work outside of Monday through Friday daytime hours, and these jobs disproportionately employ Black and Latinx workers.<sup>11</sup> In 2020, of all schedules offered by licensed child care centers and homes in Illinois, over 95% of the weekend and overnight schedules were offered by family child care homes, demonstrating the greater ability of these providers to meet their communities' scheduling needs.<sup>12</sup>

The pre-pandemic decline in child care capacity in Illinois was not driven by decreasing demand. A common way to estimate child care demand is by the number of young children with all parents in the workforce. While this number declined during the period from 2016-2019, it declined at about half the rate of licensed child care capacity. In fact, these trends suggest that, prior to the pandemic, the population of children in need of child care was stabilizing while the crisis of child care providers leaving the industry was deepening (Figure 4).<sup>13</sup> These issues would only be exacerbated by the pandemic.

**THE PRE-PANDEMIC DECLINE IN CHILD CARE CAPACITY IN ILLINOIS WAS NOT DRIVEN BY DECREASING DEMAND.**



Data compiled from Illinois Department of Human Services annual child care reports and American Community Survey 5-year estimates.



It is worth noting the role of federal and state public early learning programs, such as Head Start and the state-funded Preschool for All program. While early learning programs are intended to serve a different purpose than child care, these programs mostly operate in licensed child care settings, and are a component of Illinois' patchwork system (though pre-K is also provided in the public school system). Due to insufficient levels of funding and capacity, these programs are not able to adequately fill in the gaps in child care access. Head Start, a federal program launched as part of the Great Society, is largely reserved for families making less than the federal poverty level. In 2020, Head Start programs in Illinois had capacity to serve only 60% of eligible children aged three to five, totaling less than 27,000 slots. Early Head Start programs had capacity to serve just 14% of eligible children under three, totaling just over 8,000 slots.<sup>14</sup> Meanwhile, state-funded pre-K enrollment has lagged far below the program's stated goal of universal access. Due to limited resources, funded slots are prioritized for at-risk-children, a category largely left to local school districts to define. Slots are heavily misallocated, with more than half of school districts having fewer slots than low-income children.<sup>15</sup> The result is that in 2020, only 33% of four-year-olds and 22% of three-year-olds were enrolled in state-funded pre-K.<sup>16</sup>

## IMPACTS of the Pandemic on Child Care Availability

COVID-19 was a tremendous shock to an already struggling industry. In Illinois, child care providers struggled following the stay at home order, as the vast majority of child care centers were required to close and licensed homes were limited to caring for fewer children and to serving essential workers.<sup>17</sup> The longer-term impacts of the public health crisis have been severe as well, as a sustained drop in enrollment has made it difficult for child care providers to stabilize following the initial shock of the pandemic. In February of 2021, the number of children in Cook County participating in the state child care assistance program (CCAP) was only at 75% of pre-COVID levels. A survey completed by Illinois Action for Children and the University of Chicago found that, a year into the pandemic, child care enrollment at licensed centers and homes in Cook County was down 40%.<sup>18</sup>

At the same time, families are struggling to find child care. The census household pulse survey reported that 37% of adults in Illinois with children under 5 experienced child care disruptions during the first two weeks of March.<sup>19</sup> The survey defines a child care disruption as a child under 5 unable to attend daycare or another child care arrangement within the last month. This illustrates the deepening inadequacy of child care capacity as the economy recovers from the pandemic. In a survey of parents by the Illinois Child Care for All Coalition, approximately 20% of respondents whose children were not in an early learning or child care program indicated the lack of opportunities near their home as the major reason.<sup>20</sup>

The unavailability of child care during the pandemic has had a disproportionate effect on the ability of women with young children to maintain employment. In February of 2020, women with children under six made up 10% of the workforce, but they accounted for 18% of job losses in the initial months following the pandemic. To contrast, men with children under six made up 12% of the workforce in February 2020 but only accounted for 7% of early pandemic job losses.<sup>21</sup> This underscores the importance of child care accessibility to gender equity, as women more often take on the majority of child care responsibilities within families.<sup>22</sup> While exacerbated by the pandemic, these issues long predate the public health emergency. A 2020 study by the Economic Policy Institute found that implementing a version of universal child care would result in an enormous increase in labor force participation by mothers and other female caregivers. Specifically, the study determined that lack of child care access results in a four percent decrease in labor market participation by single mothers, equaling \$5 billion in annual foregone wages. In total, it found that working families lose out on \$35 billion in labor market income each year due to the inaccessibility of child care.<sup>23</sup>

## Child Care Access is ESSENTIAL for Working Families

Access to child care is critical to the economic security of working families. A 2016 study by the Center for American Progress found that a young woman making median income, approximately \$30,000, who exits the workforce for five years to care for a young child would experience a 20% reduction in lifetime earnings, including foregone income, wage growth, and retirement assets.<sup>24</sup> Parents who are forced to leave the workforce due to insufficient child care access thus suffer a severe economic penalty. Studies have shown that consistent access to child care allows for more stable employment, increased work hours, and higher compensation for parents in the workforce.<sup>25</sup> While parents deserve the flexibility to leave the workforce to care for their children if they prefer, the reality is that many face a catch-22 in which they cannot afford to leave their jobs and also cannot access the child care necessary to maintain consistent employment.

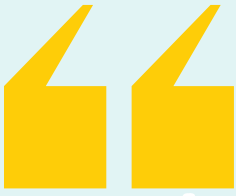
**MANY FACE A CATCH-22 IN WHICH THEY CANNOT AFFORD TO LEAVE THEIR JOBS AND ALSO CANNOT ACCESS THE CHILD CARE NECESSARY TO MAINTAIN CONSISTENT EMPLOYMENT.**

As mentioned above, the Governor's Funding Commission for Early Childhood Education has recommended that the state invest billions annually to alleviate Illinois' issues with inadequate child care access. Such an investment is critical to the future of child care access in Illinois, as providers struggle to meet their expenses, hire enough staff, or pay decent wages, issues that have only deepened during the pandemic.



# LATONYA JACKSON

**PARENT, South Suburbs**



**Even if you qualify for state child care assistance, paying for child care can**

**be really hard. And that's when you've got a job and have money coming in. When you're looking for work, it can be almost impossible.**

I provide home care as a personal assistant, but I'm in between clients right now. I need child care for my two children so I can go interview with potential clients. And even though I don't have an income, I have to pay copayment and registration fees.

Affordable child care makes such a difference in helping families like mine find some financial stability. When I'm working full-time, I still have to pinch pennies, do a lot of budget shopping and couponing and juggle bills to pay for lights and gas. And if your car breaks down, then what do you do?

Like any parent, I want to be able to do things for my kids. My daughter asked me if we could take a trip this summer, and I wanted to say yes. It's kind of hard to explain that Mom doesn't have enough money right now. You want to shield them from the worry.

Having free or really affordable child care would make such a difference for my family. It would be life-changing for us.

As it is, I'm having to pay out of pocket before I even get work again. I'm going to be in the hole when I do get back to work full time and then it's almost impossible to catch up.

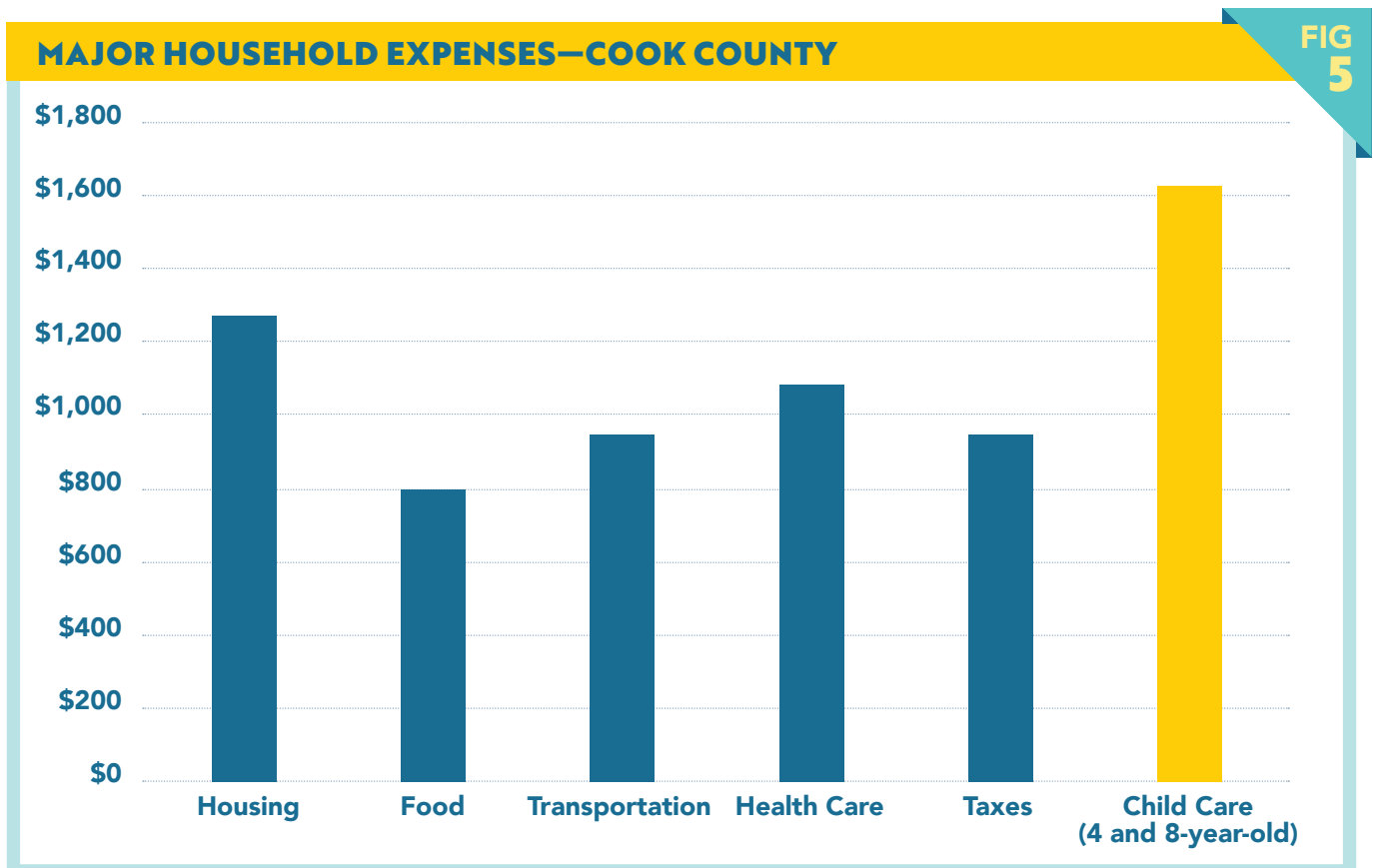


# CHILD CARE IS UNAFFORDABLE

Nationally, child care is widely unaffordable for families. A recent study by Child Care Aware found, by averaging costs for different child ages, child care settings, and geographies, that the national average annual cost of child care in the United States was over \$10,000 for one child. This is over 10% of the median income of a married couple family and over 35% of the median income of a single parent. This contrasts starkly with the recommendation of the United States Department of Health and Human Services that child care costs do not exceed 7% of any family's income.<sup>26</sup> It also contrasts with the low wages paid to the workers who provide the care—many of whom struggle to afford child care themselves.

## PAYING for Child Care in Illinois

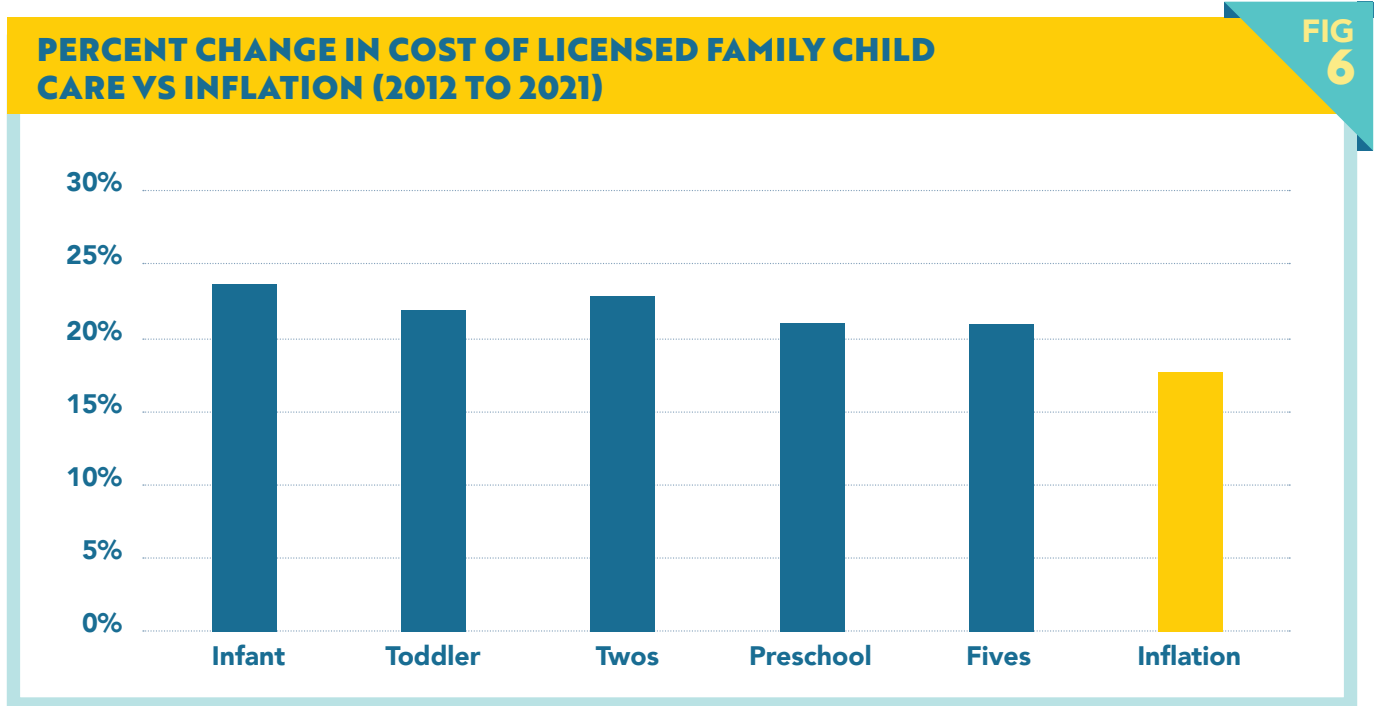
In Illinois, the annual price for infant care in a child care center on average was \$13,000 in 2020, or 14% of median family income.<sup>27</sup> This exceeds tuition at many of Illinois' four-year public universities.<sup>28</sup> For a family with multiple young children, the cost of child care can easily exceed \$20,000.<sup>29</sup> For families with children in Cook County, child care costs by far exceed every other major household expense (Figure 5).<sup>30</sup> For most families with young children, child care is typically the largest or second-largest household expense alongside rent or a mortgage payment.



Data from the Economic Policy Institute's family budget calculator



The rise in the price of care at licensed family child care homes is illustrative of the cost pressures. The price of care in these settings has outpaced inflation for a decade, rising more than 20% for all age groups since 2012 (Figure 6).<sup>31</sup> At the same time, however, revenues at family child care homes are primarily dedicated to compensation for the child care workers—for the proprietor and occasionally for an assistant. There is typically little room in the budget of a family child care home to reduce the price of care for parents.



Data compiled from Illinois Department of Human Services child care market rate surveys. Inflation from Bureau of Labor Statistics CPI-U historical tables.

**A MAJOR CONUNDRUM OF CHILD CARE UNAFFORDABILITY IS THAT OFTEN WHAT PARENTS PAY HAS INCREASED FASTER THAN CHILD CARE WORKER WAGES.**

A major conundrum of child care unaffordability is that often what parents pay has increased faster than child care worker wages. For example, a 2015 national study found that child care worker pay had increased 1% while payments for child care had more than doubled over the prior 15 years.<sup>32</sup> This contrast is likely less severe in Illinois, however, as increases to the minimum wage are now a key driver of increasing child care costs.<sup>33</sup> Still, it is clear that the current practice of passing increasing costs on to parents is unsustainable for both parents and child care workers, an issue that can only be solved through additional public investment.

## The Child Care ASSISTANCE PROGRAM Serves Too Few Families

In Illinois, the main program that subsidizes child care costs for working families is called the Child Care Assistance Program (CCAP). The program caps child care costs at 7% of family income for those who qualify and many families pay even less. However, the program serves too few families and has some barriers that result in families not being able to afford or access care.

First, the eligibility criteria for the program create serious issues for child care affordability. In order to qualify for the program, a family has to make below 200% of the federal poverty level (FPL), which in 2022 was \$53,000 for a family of four. This means that a family with two young children making \$53,000—who does not qualify for CCAP—would need to spend well over one-third of their income on child care to place their children in child care centers. Similarly, a single parent with two young children making \$43,000 would need to spend almost half of their income to place both of their children in full-time center care. Even a family of four making the state median income, \$73,000 per year, would have to spend over a quarter of their income to place two young children in center care. While recent changes to eligibility rules have been an improvement, child care remains unaffordable to many working and middle class families.

**LOW-INCOME FAMILIES SHOULD NEVER HAVE TO CHOOSE BETWEEN PUTTING FOOD ON THE TABLE AND THE CHILD CARE THEY NEED TO WORK.**

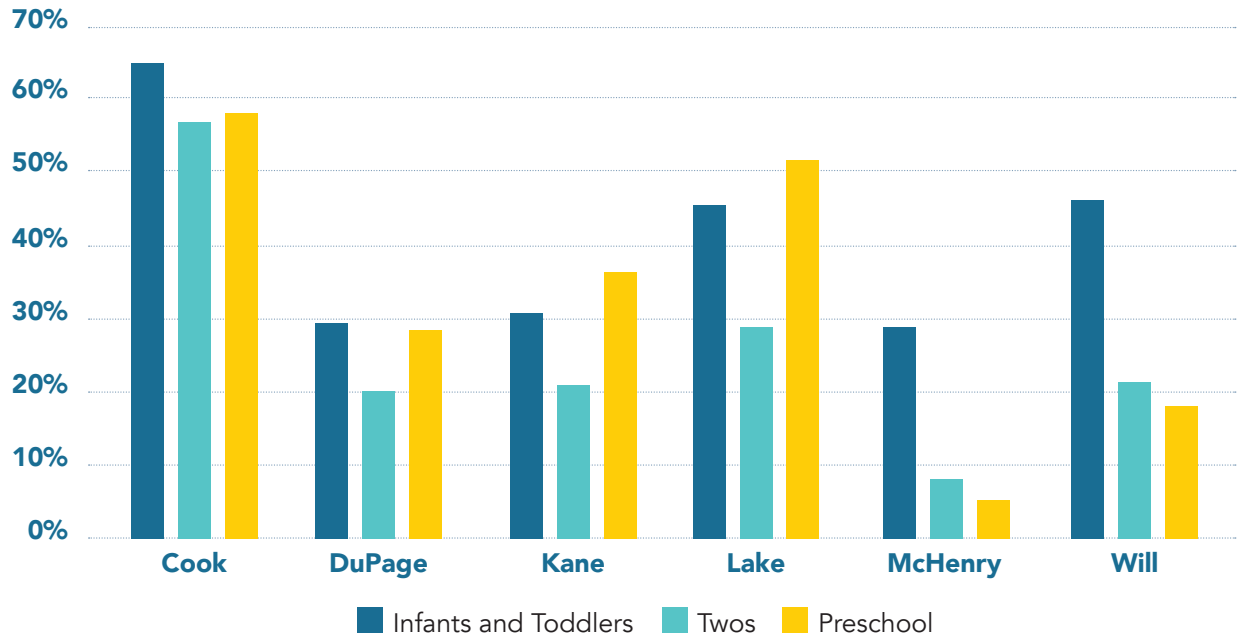
Beyond this, the CCAP program requires parents who do qualify to contribute copayments that are often unaffordable. While many positive changes have been made to the copayment schedule by the Pritzker administration, including capping copayments at \$1 for families below the federal poverty level, it is still the case that a single parent making under \$30,000 per year could have to pay upward of 7% of their income.<sup>34</sup> A survey by the Illinois Child Care for

All Coalition found that, out of 130 parents surveyed with their children in child care settings, 40% identified high copays as a major challenge.<sup>35</sup> Low-income families should never have to choose between putting food on the table and the child care they need to work.

Furthermore, many child care options are unaffordable to CCAP families because the provider will not accept CCAP vouchers. Payments from the CCAP program to child care providers are capped at a level lower than the rates charged by a large number of providers. The result is that many child care providers, particularly child care centers, do not participate in the CCAP program. These providers are then entirely unaffordable to CCAP families and other working class families with similar incomes. In order to measure the proportion of child care providers that charge more than the CCAP program will pay, the Illinois Department of Human Services computes the CCAP percentile, which is the percentage of child care slots that CCAP can purchase in a given market area. The chart below shows the CCAP percentile for licensed centers in 2021 for Cook and the Collar Counties (Figure 7).<sup>36</sup> In many areas, well under half of centers are accessible to CCAP families. The high cost of child care and insufficient CCAP maximum payments mean that low-income families have greatly reduced options and center care is particularly unaffordable. These issues are compounded by the already limited nature of child care capacity and the steady decline in the availability of home child care.

## FISCAL YEAR 2019 LICENSED CENTER CCAP PERCENTILES FOR COOK AND COLLAR COUNTIES

FIG  
7



Data compiled from Illinois Department of Human Services FY2019 child care market rate survey

## We Can Make Child Care AFFORDABLE TO ALL

The price of child care in Illinois and nationally is simply too high for families to afford. Even so, the cost of providing quality care continues to rise. A solution cannot be found in the current market-based child care system, as providers cannot afford to lower their prices. There is an unbridgeable gap between the cost to recruit and retain child care workers and what parents can afford to pay. Instead, the government must ensure that child care is affordable to all by significantly expanding public child care programs.



**THERE IS AN UNBRIDGEABLE GAP BETWEEN THE COST TO RECRUIT AND RETAIN CHILD CARE WORKERS AND WHAT PARENTS CAN AFFORD TO PAY.**

# COURTNEY MCCARTNEY

PARENT, Rural Illinois



For years, I was a single mother and struggled to go to college while working an evening shift.

I lived in a rural area and I'd call around for child care, but I couldn't get a slot for my daughter. **Everywhere I called for child care was full up. I tried going on their waitlists, but they were so full I never even got a call back.**

I had to depend upon my family to watch my daughter but things happen and family can't always be there. It got harder when my uncle got cancer. You shouldn't have to count on family—and on your family staying healthy and not having emergencies—in order to work or go to school.

I recently relocated to Indiana, and child care was one of the reasons. There's family that can watch my daughter, plus I'm in an area where there's more child care available. I haven't had the same trouble just finding a slot.

It's hard enough trying to get financially stable when you're a single mother. You shouldn't have to struggle to be able to find and afford child care when you want to go to school to make a better future for your child. Or when you're trying to hold down a job. And having to pay a lot for care means you don't have money to put away for any emergencies. It's a scary feeling to be raising a child and always living paycheck to paycheck.





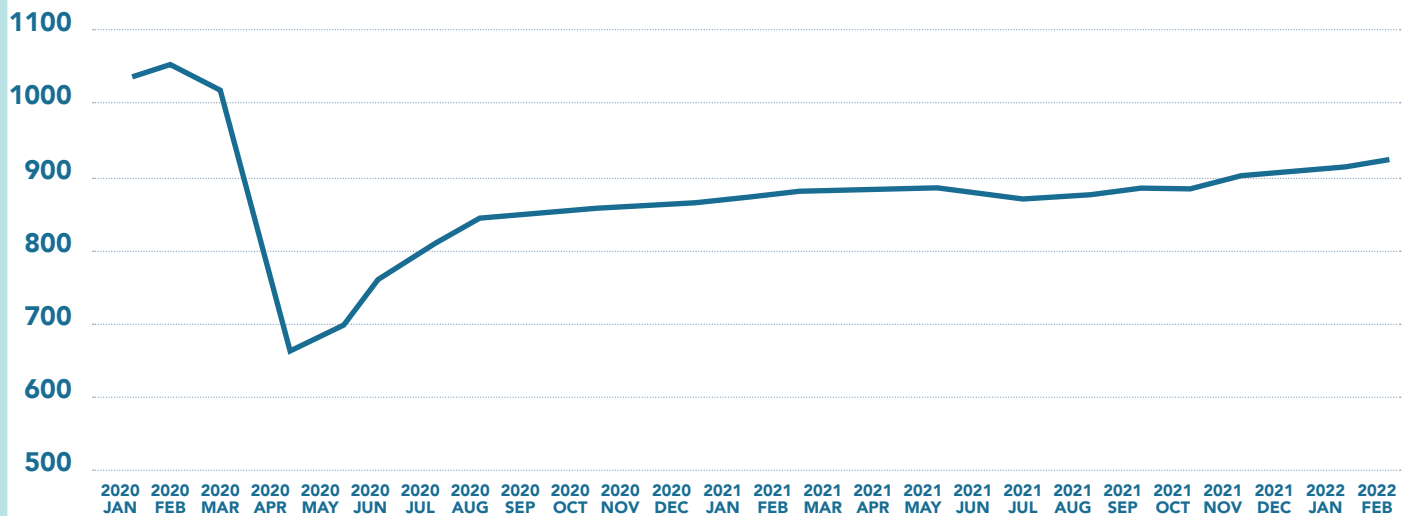
# CHILD CARE IS UNSUSTAINABLE

**THE CURRENT CHILD CARE SYSTEM IS BUILT ON A FOUNDATION OF UNDERVALUING AND UNDERPAYING CARE WORKERS.**

The COVID-19 pandemic has rocked a child care workforce already in crisis. Child care centers throughout the United States are struggling to achieve adequate staffing levels. According to a nationwide survey conducted by the National Association for the Education of Young Children in 2021, 80% of educators working at centers noted a staffing shortage and 15% noted a severe staffing shortage. In the same survey, 80% noted low wages as the main barrier for recruiting staff and over one-third of respondents said they were considering leaving their jobs or shuttering their businesses. Following the pandemic, the size of the child care work force plummeted and has yet to fully recover (Figure 8).<sup>37</sup> Lack of adequate staff means child care centers take on fewer children, resulting in decreased child care capacity and decreased revenue for providers.<sup>38</sup> To address these issues, significant intervention by the public sector is required, as the current child care system is built on a foundation of undervaluing and underpaying care workers.

**IMPACT OF THE PANDEMIC ON NATIONAL CHILD CARE WORKFORCE (THOUSANDS)**

**FIG 8**



All employees, child day care services, seasonally adjusted. Data from Bureau of Labor Statistics.

## The Illinois Child Care Workforce IS IN JEOPARDY

Illinois child care centers were experiencing staffing issues prior to the pandemic. From 2018 through 2019, the turnover rate for early childhood teachers was almost one-third and the turnover rate for early childhood assistants was almost 50%.<sup>39</sup> This has dire implications for both the development of adequate child care capacity and the provision of stable care environments for children. The overwhelming plurality of early childhood teachers and assistants indicated dissatisfaction with wages and benefits as their reason for leaving.<sup>40</sup> Twenty percent of early childhood teachers and educators who quit indicated that they left the child care field entirely.<sup>41</sup> When center directors were asked to rate the difficulty of hiring early childhood teachers on a one-to-five scale, with five being the most difficult, the average response was 4.5.<sup>42</sup>

**TWENTY PERCENT OF EARLY CHILDHOOD TEACHERS AND EDUCATORS WHO QUIT INDICATED THAT THEY LEFT THE CHILD CARE FIELD ENTIRELY.**

Staffing issues have become more extreme during the pandemic, as providers have struggled to recover from the initial drop in the child care workforce. A survey by Illinois Action for Children and the University of Chicago conducted between September 2020 and March 2021, found that responding child care centers lost, on average, almost one-third of their staff between the onset of the pandemic and the time of their survey response.<sup>43</sup> More than 90% of child care center workers surveyed by the Illinois Child Care for All Coalition identified staffing as a major challenge at work.

## Illinois Child Care Workers Struggle with LOW WAGES

As long as the labor of early childhood educators is not properly compensated, staffing issues at child care centers will persist. In 2019, the median hourly wage of an early childhood teacher in Illinois was only \$13, while an administrative director was making only \$17.79.<sup>44</sup> Nearly 20% of early educators in Illinois live in poverty, compared to 12.5% of the state population as a whole.<sup>45</sup> Moreover, Illinois regulations require early childhood teachers to have completed two years of college or one year of college plus a year of experience in the child care workforce. This leaves many early childhood teachers saddled with student debt, with no hope of paying it off working in the low wage jobs characteristic of the industry. In Illinois, early educators with bachelor's degrees make 30% less than the average college graduate.<sup>46</sup>

**IN THE FIRST HALF OF 2019, THE CHICAGO MINIMUM HOURLY WAGE WAS \$12, ALMOST TWICE WHAT LICENSED FAMILY CHILD CARE PROVIDERS MADE.**

The decline in home child care in Illinois is also directly tied to poor compensation. In 2019, licensed family child care providers worked an average of 68.7 hours per week. Using this number to convert average annual net earnings into an hourly wage, the result was only \$7.04 an hour. It is no wonder that family child care is in decline in Illinois considering these providers make sub-minimum wage.<sup>47</sup> In the first half of 2019, the Chicago minimum hourly wage was \$12, almost twice what licensed family child care providers made.

The situation is even worse for license-exempt family child care homes in Illinois. An estimate by SEIU Healthcare Illinois & Indiana found that the daily rate paid to license-exempt homes per child would need to triple for these workers to make just \$31,000 per year.<sup>48</sup> Additionally, a costing methodology reviewed by the Governor’s Funding Commission for Early Childhood Education found that adequate rates for license-exempt homes would be more than twice the current level.<sup>49</sup> License-exempt family child care homes provide critical care in communities where many cannot afford the high costs of other providers, particularly communities of color. The fact that these workers on average make less than half of minimum wage is an outrage.

## **VALUING the Labor of Child Care Workers**

Child care has long served as a key example of care work categorized as “women’s work”: unpaid labor performed in private homes, outside of the formal marketplace. For much of US history, the paid child care workforce has largely been made up of women of color, who faced limited employment options outside of domestic work.<sup>50</sup> Even as the number of paid child care workers expanded during the latter half of the 20<sup>th</sup> century, as increasing numbers of women joined the workforce, child care work was still mostly performed by women. In Illinois today, women, disproportionately Black and Latinx, make up over 95% of early childhood teachers and family child care providers.<sup>51</sup>

**IN ILLINOIS TODAY, WOMEN, DISPROPORTIONATELY BLACK AND LATINX, MAKE UP OVER 95% OF EARLY CHILDHOOD TEACHERS AND FAMILY CHILD CARE PROVIDERS.**

The current reality, in which child care workers are paid low wages, struggle to support their families, and often live in poverty, stems from a long history of exclusion and underinvestment in this diverse, almost entirely female workforce. This history includes the exclusion of domestic workers from the National Labor Relations Act, which guaranteed workers the right to organize and form unions, and the initial exclusion of domestic workers from the Fair Labor Standards Act, which guaranteed minimum pay and working conditions.<sup>52</sup> Federal investments in child care and early learning, such as Head Start and the Child Care and Development Block Grant program, have been the exception, not the rule, and have proved vastly insufficient. The Governor’s Funding Commission for Early Childhood Education found that a \$3.4 billion public investment is needed annually in Illinois to provide child care workers with adequate pay.<sup>53</sup> An investment of this scale is urgently needed and would be a step toward acknowledging child care as an essential public good, not invisible work to be performed in private for little or no pay.

# ERICA VICENS

**PARENT, Chicago**



My husband and I have two children and we'd love to have one more child, but we just can't afford it.

**Child care is our biggest monthly expense, even with the discount we get through the state child care assistance program. It costs more than our rent.** And we could lose our access to the state assistance if we start making just a little more money. It's just a shame that you get worried about making too much when you're trying to build a secure future for your kids.

When I think about what it would mean for us to have free child care—free just the way education is starting with kindergarten—I think of what it would mean for our kids. It would mean being able to do some outings with them, maybe even take a vacation to see family. They're missing out on those connections.

As it is, there's so much we have to go without. We're living paycheck to paycheck, and I'm always worried about rent and the utilities. I only buy certain groceries that I know will go a long way. We don't eat out. **I want our kids to be able to focus on being kids and not know how much we're struggling. And we shouldn't have to struggle. Child care is something all parents and families need so we can work to support our children. It should be a right.**



# CONCLUSION: WE CAN SOLVE THIS TOGETHER

**IF WE ACT TOGETHER WE CAN BUILD THE SYSTEM ILLINOIS PARENTS, CHILDREN, AND CHILD CARE WORKERS DESERVE.**

While the problems in child care add up to a system in crisis, if we act together we can build the system Illinois parents, children, and child care workers deserve. The unavailability and unaffordability of child care are insurmountable problems for most parents. Though we have too often treated child care as the responsibility of individual families rather than of the community as a whole, we know well that solving these problems is not something individual families can do on their own.

Similarly, the way the system relies on exploitation of the child care workforce is insurmountable for an individual child care worker acting alone, even one who has diligently pursued training and credentials in hopes of earning a living wage. The roots of low wages in systemic racism and devaluation of women's work are too deep for that.

However, if we as a state prioritize child care, we have the resources to build the system we deserve.

It is not just possible, but imperative that we treat child care as an investment that we make in our society, in our children, and in the future, rather than as the sole responsibility of parents. This will require us to move away from blind commitment to a failed market for child care services, and to commit to make public investments in child care at a scale much greater than we have been making. The alternative would continue to fail parents, children, and child care workers alike, and fail to meet the urgent demand for change raised through the upheaval of the pandemic.

As described earlier, the Funding Commission for Early Childhood Education created by Governor Pritzker recommended that the state needs to invest billions annually to address inadequate child care access, and billions more annually to provide child care workers with adequate pay.<sup>54</sup> The Commission's findings recognize the very limited ability of parents to pay. Public investments on this scale are an urgent necessity, as the system we deserve will never be achieved while child care providers struggle to make ends meet, hire enough staff, or pay living wages, and parents struggle to pay even existing rates or copays.

**IT IS NOT JUST POSSIBLE, BUT IMPERATIVE THAT WE TREAT CHILD CARE AS AN INVESTMENT THAT WE MAKE IN OUR SOCIETY, IN OUR CHILDREN, AND IN THE FUTURE, RATHER THAN AS THE SOLE RESPONSIBILITY OF PARENTS.**



## Our state must choose to invest in the SOLUTIONS

There are resources enough for child care if we decide to invest in it. This requires a rethinking of values and priorities to emphasize values that support parents in the workforce. We need to shift away from values that facilitate extraction of profits by large corporations from the very same parents and from our communities more broadly. Illinois is a wealthy state, a state with a large, diverse economy. If Illinois were a country, it would have the 18<sup>th</sup> largest economy in the world.<sup>55</sup> Thirty-eight of the Fortune 500 largest corporations in the US are headquartered here.<sup>56</sup> Illinois should be able to amply support the provision of child care that makes so much of the rest of this economic activity possible.

Our state budget overall should better reflect our values of supporting working families and children. Illinois was dead last among the 50 states in state spending on health, education, and human services in the most recent year for which data is available.<sup>57</sup> Furthermore, our level of investment in these services is below what it was in the year 2000, when adjusted for inflation. Even after state budgets in the past three years have made up some ground, this remains true.<sup>58</sup> If our state had funded health, education, and human services at the median level of all states relative to our state economy, it would mean a doubling of these investments.<sup>59</sup>

The resources that exist in our state are not available to invest in child care because rich individuals and corporations are not paying their fair share in taxes. For example, a recent report from the Economic Policy Institute found that 69% of corporations paid zero income tax in Illinois.<sup>60</sup> In contrast with the rest of us, the super-rich and big corporations have prospered in the pandemic economy. For example, the 17 billionaires residing in Illinois at the start of the pandemic have seen their combined wealth increase by \$37 billion, or 70%, since then.<sup>61</sup>

Some of the same big corporations that pay little or nothing in Illinois taxes employ a large low-wage workforce that relies on child care assistance. Amazon is one example of both. The top three employers of Child Care Assistance Program parents in Illinois are Walmart, McDonalds, and Amazon, respectively, each wealthy corporations with a large low-wage workforce.<sup>62</sup> Amazon is noted for its practices minimizing taxes or, if possible, drawing subsidy from the government instead.<sup>63</sup> The supposed rationale for many of these tax giveaways is that the company will create jobs—which end up being the very same jobs that pay so little that so many of its workers are using CCAP. Instead of valuing children and families, the apparent priorities we see reflected in these uses of public dollars are poverty-wage jobs and helping the super-rich get even richer.

Rhetoric in our state about child care and supporting working parents must translate into a shift in priorities and actual investment. Other states and localities are taking steps that suggest what is possible. New York will more than double its investment in child care in the next few years. Governor Hochul has identified child care as a priority for supporting the state's workforce. Supporters in the legislature are discussing how to get to a universal system.<sup>64</sup> New Mexico recently announced that it will make child care free for nearly all families in the state for the next year.<sup>65</sup> The pre-K system in Washington DC invests several times the national average per pupil, more in line with estimates of the cost of a sustainable program, and delivers almost all services as a full-day program through the public school system.<sup>66</sup> Aside from the will to prioritize child care, neither of these examples nor others from around the country draw on a resource we do not have available to us here in Illinois.

## Parents and child care workers **ACTING TOGETHER**

Child care workers' and parents' interest in the child care system align. Parents' need for a system that makes high-quality, affordable child care available to all Illinois children is mirrored by child care workers' need for stable, living-wage jobs. Neither is achievable without the other. Parents and child care workers most feel the urgency to replace the broken system we have now. They—and children themselves—are affected most directly by its failings.

Winning the child care system we deserve in Illinois does not depend solely on parents and child care workers acting together, as community allies, elected officials, and many others have important roles to play. But reorienting how we publicly express our values as a society is a momentous project that will necessarily rely on those most affected. Anything less than such a reorientation, however, will not be sufficient to meet the urgency of the current moment for Illinois parents, children, and child care workers.

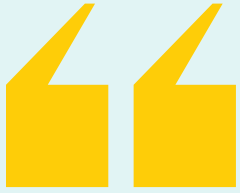
**PARENTS' NEED FOR A SYSTEM THAT MAKES HIGH-QUALITY, AFFORDABLE CHILD CARE AVAILABLE TO ALL ILLINOIS CHILDREN IS MIRRORED BY CHILD CARE WORKERS' NEED FOR STABLE, LIVING-WAGE JOBS.**





# MARIE COOK

**EARLY CHILDHOOD TEACHER, 42 years experience**



I was in my early twenties when I started in child care, and that was over 40 years ago. I went to school for early childhood education because, honestly, I thought it would be easy. I got my first job in a child care center once I finished school.

Teaching in a child care center is so much harder than I thought it was going to be, and also more fulfilling. Seeing the kids I teach and care for be ready for kindergarten is more rewarding than I ever expected. Preparing them for the next level is really exciting.

Fast forward to today, and my paycheck is very close to what I was making at a center 20 years ago. My kids are grown now, but if I was still raising a family on this pay we would not have been able to make ends meet. Things have gotten more expensive so I have to be careful how I shop; I have to save for any expense, for example for seasonal clothes or a trip. When I go grocery shopping, **I have to prioritize getting the staples and there's not always enough left over for anything not essential. The hardest part is the worrying—what if something unexpected comes up like a house repair?** I have no way to save for retirement, so I will probably work until I cannot work anymore.

What is so wild to me is the mismatch between the importance of the work that we do, and the low pay. I have a bachelor's degree in early childhood education, and have worked in the field for decades, but there is no way to earn more unless I move to teach in elementary school.

If child care jobs were good jobs with good pay and benefits, I would be able to own a car and save for my retirement. And we wouldn't have such a hard time filling the vacant positions at my center. **I would see young people joining this profession and seeing a future in it.**



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