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## The Impact of the Recession on Child Care A Survey of Local Child Care Resource & Referral Agencies

The most recent unemployment data includes over 13 million Americans unemployed and 9 million working part-time because they simply can't find full-time work. As parents lose their jobs or have their hours cutback, newspapers throughout the country have reported that families are removing their children from child care to cut costs, leaving children home alone, and of child care programs closing. With the unemployment rate at 8.5 percent and climbing, parents are struggling to afford the cost of child care.

To get a better idea of the impact on child care in communities across the United States, NACCRRRA surveyed local Child Care Resource & Referral agencies (CCR&Rs). These agencies help parents find child care, and recruit and train child care providers. A two-page survey was designed to obtain both quantitative and qualitative responses from local CCR&Rs on the impact of the economic recession in their communities. Responses were obtained from about one-third of all local agencies – respondents represented 40 states.

### Impact on Parents' Ability to Pay for Child Care:

As parents lose jobs, cut back on hours or take lower paying work, many are unable to continue paying for their current child care setting. The cost of care for an infant and a pre-school aged child in a center or in a family child care home rose across all regions in the last year. But parents' incomes have often not kept up. **Almost three-quarters of CCR&Rs (74 percent) said that the number of families unable to make child care payments or those falling behind in these payments has increased between June and December 2008.** The percent of calls to CCR&Rs requesting information on subsidy or on assistance to pay for child care has also increased slightly (by about 1 percent) in the last few months.

### Impact on Child Care Supply:

#### Child Care Centers:

About one-third of CCR&Rs (34 percent) indicated that number of centers in their communities had declined between the **last half of 2007 and the last half of 2008** and 37 percent indicated that the number of spaces in centers had declined during this time period. Most of this decline, however, occurred between the first and last half of 2008. More than one-quarter of CCR&Rs (27 percent) reported that the number of centers in their communities had declined between the **first half and second half of 2008** and 36 percent indicated that spaces in centers had declined during this same time period. In addition, half the CCR&Rs said that centers in their communities had closed in the last six months (**between June and December 2008**) – these communities, on average, lost 6 centers or about 327 spaces

Centers that have remained open are facing higher vacancy rates – almost two-thirds of the CCR&Rs (65 percent) reported that vacancies had increased in child care centers in their communities in the last six months. In addition, 48 percent of CCR&Rs said that in the last six months child care centers were closing classrooms in their communities; and 41 percent said that child care centers were laying-off staff.

#### Family Child Care (FCC) Homes:

Family child care (FCC) homes are generally one-person operations, which are smaller than centers, and hence can be more vulnerable to economic cycles. More than 4 in 10 CCR&Rs (45 percent) reported declines in the number of FCC homes in their communities between the **first and last half of 2008**. Many CCR&Rs noted that they were receiving calls from FCC providers who once had wait-lists but

were now reporting vacancies. In fact, 76 percent of CCR&Rs indicated that vacancies in FCC homes had increased in the last six months (between June 2008 and December 2008).

About one-third of CCR&Rs (32 percent) also indicated that people in their communities who had lost jobs were opening new FCC homes. In some cases the CCR&Rs noted, people were opening FCC homes as a second job or in order to take care of their own children and not have to pay for child care. It is, however, unclear if these new FCC providers will succeed, as established providers are reporting high rates of vacancies and many are going out of business.

### **Impact on Child Care Demand:**

CCR&Rs help connect parents with child care programs in their community by providing referrals and consumer education. The number of referral requests provides a rough guidance to the demand for various types of child care in a community. The number of referral requests, however, may differ by the time of year. But comparing the number of referral requests in the last half of 2007 to the last half of 2008 shows that requests for part-time care is on the rise— **41 percent of CCR&Rs said that the number of requests for part-time care has increased between June and December 2008.** This makes sense as people lose jobs and need to look for work, incur reduced hours, or take part-time work because full-time work is not available in their community.

Overall, the economic recession has reduced the number of children in child care programs as parents either no longer need full-time child care or cannot afford to pay for it. This in turn has caused increased vacancies in child care programs and many programs have closed their doors. The following comments provide an overview of the impact of this economic downturn on child care across the country:

*“Many people are losing their jobs and taking their children out of child care. Centers are either closing or reducing staff.”* -- CCR&R in Florida

*“So many people are out of work and they cannot afford to pay for childcare. Then the childcare providers are losing children and are unable to survive because they have such few children in their care. Many providers have to close their business.”* -- CCR&R in California

*“Families are turning to license exempt care using cousins, grandparents, neighbors, aunts & uncles, high school age nieces.”* -- CCR&R in Hawaii

*Families who call the CCR&R are desperately trying to find affordable child care with often decreasing incomes.* -- CCR&R in Indiana

*“Family homes and centers are hurting financially due to large numbers of layoffs from major employers across the Upper Peninsula.”* -- CCR&R in Michigan