



## Child Care Advocacy for Alabama's Black Belt: *How Access to Child Care Impacts the State's Economy*

### SUMMARY

Access to quality, affordable child care is important on the local, statewide, and national scale – for the children who need care, for the parents who must attend school or work to provide a better life for their families, and for the workers who tirelessly offer their care. Currently, child care in Alabama is treated and funded as a private-sector service that is available only to those who can afford it. This systemically impacts our state's Black female population the most. Alabama Institute for Social Justice (AISJ) has the goal of bringing meaningful and sustainable change to the state's approach to child care, particularly in Alabama's Black Belt. By working to promote child care as a public good, invest in child care workforce development, remove market-rate restrictions, and move away from the market-rate model for child care subsidies, AISJ seeks to address barriers to quality educational and job opportunities and ensure a seamless transition for Alabama residents from birth to adulthood. Reinterpreting child care as critical infrastructure will promote investment in increased funding and better resources to help Alabama's economy and communities become stronger.

### Preliminary Thoughts

The United States has significant gendered, racial, and ethnic disparities in who has access to child care assistance and also who is employed within the field.

The concept of "child care" has been synonymous with "women's work" for much of the nation's history, and for generations has often been specifically relegated to women of color. Very few types of work were seen as socially acceptable for white women to undertake until the mid-20th century, while over the centuries women of color were regularly employed or enslaved into domestic work, including child care for other families' children.

This racial divergence is easily paired with the idea that child care involves nurturing young children to become healthy, productive, empathetic, and self-disciplined older children and adults – a process that our society has relegated to the "feminine" sphere. These two factors intersect to create

a mindset in which women's unpaid or underpaid labor is rarely viewed as "real" work and remains undervalued, especially if that work is performed by a woman of color.

Child care is also still considered to be a private responsibility rather than a public good. Millions of parents find that they cannot afford high-quality child care; and at the same time, millions of women who are employed within the child care industry live at or below the poverty line.

The current policies that exist have contributed to a fragmented system in which high-quality child care is inaccessible to most, and adequately paid child care work is effectively nonexistent. However, through targeted, systematic shifts in how we treat child care, we can open up access to more parents, while also highly valuing the work that women of color do while caring for others' children.

## What Child Care Looks Like Across the U.S.

Full-time child care is expensive. The costs can range from \$3,000 to \$17,000 per year or more, depending on where the family lives and the type of care needed [1]. The higher the cost, the more that families require some level of financial assistance simply to care for their children while they go to work or attend school – or, if they are a two-income household, for one parent to quit their job and dedicate themselves to full-time yet unpaid child care. More often than not, this responsibility of unpaid child care labor falls on mothers.

As for who requires financial assistance for child care, most are families of color. In 2019, 79% of children who received subsidies from the Child Care and Development Fund (CCDF) were Black [2]. The fact that so many Black families require these subsidies shows that access to affordable child care is already difficult to achieve.

And yet, barriers to such financial assistance still exist and prevent many more families from receiving help to get their children into care. Only about 14% of all children who are eligible for child care subsidies under federal rules receive them. Much of that is due to the fact that most states set stricter income limits on who can qualify for subsidies, thus limiting who can access them [3].

In addition, even before the COVID-19 pandemic, more than half of Americans lived in neighborhoods that were classified as child care deserts [4], in which there are more than three young children for every licensed child care slot. These child care deserts clearly mean fewer opportunities for families to get quality care for their children, but it also means that the child care workers in these deserts are overworked by having to care for more children at a time than they should, and more work does not result in higher pay for them.

Women make up 94% of all child care workers in the United States. Women of color make up 40% of that workforce, with 15% of them specifically being Black [1]. This reflects our nation's history of treating child care as work that belongs to women, and women of color particularly.

Because of that viewpoint, child care workers are severely underpaid. As of 2021, the median wage for child care workers was only \$12.24, with the lowest 10% earning less than \$8.84 [5].

And even though they pay their workers far below the median wage, child care providers themselves operate on razor-thin profit margins, usually less than 1% [6]. This does not incentivize providers to pay higher wages, thus perpetuating chronically low pay, generating high industry turnover, and creating broader child care deserts.

This demonstrates how current social attitudes, as well as private markets, undervalue child care. Both before and after the pandemic, family caregiving responsibilities have fallen predominantly on women, especially Black and low-income women. Insufficient funding has led to a child care system that is subsidized by the underpaid labor of these women.

In practice, affordable child care is out of reach for most, and it is also a financially unsustainable profession for those who pursue it. Both factors lead to a child care crisis that has only been exacerbated by the COVID-19 pandemic. Structural shifts are required to provide quality care for our younger population.

## Child Care in Alabama: What Are the Numbers Right Now?

State rules currently restrict what types of families can truly access child care subsidies. In Alabama, as of 2016, a family's income could not exceed 150% of the 2014

federal poverty guidelines in order for children to qualify for child care subsidies [7]. For a four-person household in Alabama, that number would equal \$35,775 [8].

For comparison, the median household income in Alabama in 2016 was \$49,281 [9]. Therefore, even if a four-person household was earning below that \$49,281 median income, but was making more than the \$35,775 threshold, they still would not qualify for child care subsidies, no matter how expensive their child care may be. And while the state's household incomes do increase over time – with the 2019 median income in Alabama growing to \$51,734 [9] – that subsidy threshold does not increase to match income growth, thus further restricting who can get assistance to pay for child care.

To break this down further, in April 2019 (the latest date information was available), the Alabama Office of Child Care Subsidy reimbursed \$11,587,888.19 for child care for 35,523 children [10], which averages to \$326.21 per child per month.

However, the mean cost of infant care in Alabama is \$500 per month, and for a 4-year-old that cost is \$432 per month [11]. Available subsidies don't even cover the true cost of child care within the state.

As a whole, infant child care takes up 11.9% of a median family's income in Alabama, and a typical Alabama family would have to spend 22.2% of its income on child care for an infant and a 4-year-old. This amount is even more pronounced for families with lower incomes, as that \$500 cost per month for a single infant would equal 39.8% of a minimum-wage worker's income [11].

In tandem with national trends, child care workers in Alabama are woefully underpaid. According to job search sites, the median income for a child care worker in Alabama is just under \$33,000 [12]; therefore, child care workers are often earning under the state poverty guideline themselves, perpetuating a

cycle of poverty amongst not only Alabama's minority population but even within its own child care workforce.

## What's At Stake in Alabama

Child care is failing in Alabama. Currently, child care is not viewed as a vital part of the state's economy. Continuing to use the market-rate model has forced individual families to bear the responsibility of financing quality child care that benefits the broader population and economy as a whole.

The current model systematically devalues caregiving work and the work of women – particularly Black women. Current policies do not set up the state for success when it comes to paying for or working in child care, as evidenced by:

- Poor families burdened by high child care cost ratios
- Unequal access to subsidies
- Subsidies that are not sufficient to cover the true costs of child care
- Child care deserts
- Extremely low worker pay

These various factors have created a crisis on two fronts:

**The system is failing to adequately serve families.** Many families cannot afford the current costs of child care, let alone what the true costs if providers were not supported by subsidies.

Parents, and especially mothers, are often forced to choose between quitting their jobs to provide unpaid care for their children or staying in the workforce while spending thousands of dollars per month in child care – assuming they can even find care in their area.

During the COVID-19 pandemic, 11% of Black women quit their jobs for reasons related to the pandemic. Half of the women

who quit did so because their child's school or daycare was closed [13]. Both before and after the pandemic, family caregiving responsibilities have fallen predominantly on women, especially Black and low-income women. Insufficient funding has led to a child care system that is subsidized by the underpaid labor of these women.

These sacrifices clearly result in significant costs, including limiting women to less formal and lower-paid jobs, effectively stunting the economic growth of families in Alabama.

**The child care workforce is not served by the current model.** Not only are women – and Black women particularly – negatively impacted by the inequitable child care services available to them as parents, but they are also disproportionately represented in the workforce of the child care and early education industry.

Child care workers are systemically underpaid, often receiving poverty-level wages. Minorities in general, and people who work with infants and toddlers, make less than their peers on average, irrespective of their education level. These low wages produce the need for these child care workers to resort to receiving public benefit programs themselves in order to support their own families, or to quit their jobs, increasing the frequent turnover within the profession.

And because the majority of child care workers are women of color, this sector currently benefits from existing discrimination within labor markets [6].

This also negatively impacts these private child care providers on a fiscal level. They operate on thin margins and often are unable to increase their prices to cover their true costs. They must then have their revenue subsidized with grants and donations, or must shut down, further expanding child care deserts across the state.

## Statewide Benefits of Equitable and Affordable Child Care

Providing accessible, affordable child care within Alabama is not just about providing space for children while their parents are working or attending school. Equitable child care would create huge economic and social payoffs for families within Alabama and the state's economy as a whole.

Proper state-level government funding for the true costs of quality child care would aim to make it so that families never pay more than 7% of their income on child care. This is the amount that the U.S. Department of Health and Human Services considers to be an affordable threshold for families [6].

The Alabama Department of Early Childhood Education could use child care stabilization and state and local fiscal relief funds from the American Rescue Plan to transition away from the failed market-rate model and move to a cost-based model that would better fund training, education, and wages for child care workers.

This would expand access to child care so that more families in Alabama could find care where and when they need it, and it would increase the quality of early care and education for all children regardless of where they live or of their family's income.

This state-level funding would also provide living wages and benefits for child care workers, decreasing turnover within the industry and creating new, well-paying jobs, thus shrinking the state's child care deserts.

In addition, capping families' child care expenses at 7% of their income would save the average Alabama family with one infant 5.2% of their annual income to spend on other necessities. By making child care affordable and thus creating opportunities for a much more robust labor force, this would

also expand Alabama's economy by 0.6%, which translates to \$1.3 billion of new economic activity [11].

Not only do the medium- and long-term benefits of equitable and affordable child

care include guaranteed access to care for all children in Alabama, but it would also be a catalyst for deconstructing the racial and gendered discrimination within the labor market.

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## RECOMMENDATIONS

- Make child care a public good within the state of Alabama. Robust government funding would cover the true cost of quality child care and ensure that families never pay more than 7% of their income on child care.
- Set compensation standards for child care workers so that they no longer live below the poverty level themselves, and expand provider networks so that there are no more child care deserts in Alabama.
- Remove market-rate restrictions and move to a cost-based model that will provide sufficient funding to establish a living wage for the child care workforce and eliminate the need for providers to subsidize their programs with grants or donations.
- Use child care stabilization as well as state and local fiscal relief funds provided through the American Rescue Plan to transition away from the market-rate model and build a cost-based model as allowed under current CCDF regulations.
- Improve the regulatory environment by including child care providers and workers in the decision-making processes for funding implementation to ensure the greatest positive impact and ROI.

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