

Child Care Is Key to Mississippi's Economic Recovery From COVID-19

The pandemic has negatively impacted the female workforce



Acknowledgements

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>50%
**of MS child care
centers closed early
in the pandemic**

The COVID-19 pandemic disproportionately impacted women's employment across the nation and in Mississippi. In the first quarter of 2021, female workforce participation nationwide was at its lowest rate in more than 30 years, and it is not expected to fully rebound to pre-pandemic levels until late 2024. Ensuring that women participate in the workforce is key to Mississippi's economic recovery. Lack of child care was an important driver of women exiting the workforce, as both schools and child care providers closed, and many mothers left work to care for their children.

A national ReadyNation survey of more than 400 senior business leaders found that, while about two-thirds of employers are likely to expand child care supports offered to their employees post-COVID, many cited barriers to doing so. More than three-quarters of respondents said that federal or state government incentives, including tax

credits, would increase the likelihood that their company would expand the child care supports offered to employees.

However, businesses alone cannot solve the child care crisis. Employer incentives must be coupled with robust public investments, including subsidies to families with low incomes and direct assistance to child care providers. For our state's economy to thrive, ensuring working families' access to affordable, quality child care must be of paramount concern. Business leaders and policymakers must partner to address the child care crisis, to facilitate women participating in the workforce.

COVID-19 has disproportionately impacted the female workforce

Unlike previous recessions, during the pandemic, female labor force participation dropped more than that of males.¹

Nationwide, in the first quarter of 2021, female labor participation was at its lowest rate since 1988.² In Mississippi, COVID has been called a “gendered crisis,” with women disproportionately employed in the sectors (health care, retail, food service) hardest hit by the pandemic.³

Among women, certain subgroups were particularly impacted, including women of color, those with lower levels of education, and those in low-wage jobs.⁴ Many of these workers performed essential jobs early in the pandemic, providing vital infrastructure services and helping to keep the economy running.

The pandemic also hit mothers especially hard,⁵ with approximately one million mothers leaving the workforce nationwide, compared to half that number of fathers.⁶ Mothers without partners had the sharpest drop in employment among parents⁷ and, once again, mothers of color were disproportionately impacted.⁸ In one survey, 82 percent of mothers leaving the workforce reported that they could not afford to do so.⁹

Female labor force participation is key to economic recovery

In Mississippi, more than half of mothers are the primary breadwinners for their families, the second highest rate in the nation.¹⁰ Long-term, the importance of female labor force participation for our economy is clear. Research shows that there is a relationship between women’s participation in the labor force and the national GDP:¹¹ Female labor force participation contributes \$7.6 trillion to the US GDP every year.¹² Women participating in the workforce is essential for our national and state economy.

Lack of child care is an important driver of women exiting the workforce

Several factors underlie COVID-19’s disproportionate impact on female labor force participation. Women are more likely to work in service jobs (child care, retail, etc.) that were both harder-hit during the pandemic¹³ and not conducive to working from home.¹⁴ Perhaps most importantly, women also typically bear the brunt of child care responsibilities. Early in the pandemic, women were four times more likely than men to indicate that caring for children kept them from working,¹⁵ as both schools and child care providers closed. Mississippi, like 34 other states in the nation, experienced a rising number of parents leaving the workforce due to child care problems, with an average increase of 36 percent.¹⁶

The child care crisis is hindering economic recovery

The effects of the pandemic have transformed the existing child care crisis into a potential catastrophe that impacts working families and businesses in nearly every sector in Mississippi. Early in the pandemic (June 2020), more than one-half (56 percent) of Mississippi’s licensed child care centers were closed, at least temporarily.¹⁷ The communities that suffered the biggest child care losses are majority-Black and have higher than average poverty rates.¹⁸ Providers remaining open typically operated at reduced capacity or for fewer hours, reducing the supply of care.¹⁹

Over the course of the pandemic, the child care sector has lost a total of more than 131,000 jobs nationwide.²⁰ In Mississippi, in just the first few months of the pandemic, the child care workforce lost nearly 600



Women in the Labor Force are Key to Mississippi's Economic Growth and Recovery

Emily Lauder, VP Administration, Toyota

Female employment fell at a faster pace than male employment in most of the major world economies in the first half of 2020, when the pandemic's impact on the labor market was the harshest, and the automotive industry is still experiencing a major talent gap. For instance, women represent only 27 percent of the auto manufacturing workforce in the United States, and 33 percent at Toyota Mississippi.

Supporting women in the workforce is very important to Toyota. To support women and parents in the workplace, Toyota Mississippi has implemented two weeks paid parental leave, offers 12 weeks baby bonding, an onsite lactation room for working mothers, and we are investigating options for onsite childcare.

Given the devastating impact of the COVID-19 pandemic, Toyota also added two programs directly related to child care needs to support employees. First, a Personal Leave of Absence program allowed employees to request leave when FMLA was not available if schools were closed or virtual-only and when child care centers closed. Second, a Pandemic Leave program provided paid leave to employees when they or their family were impacted by COVID-19.

Toyota believes that cultivating a culture that reflects, empowers and respects the diversity of its employees provides a more diverse and inclusive workplace that drives innovation and relevancy.



jobs.²¹ In addition, the sector is made up almost entirely of women and disproportionately women of color.²² Thus, the pandemic burden borne by the child care workforce fell inequitably on them. This workforce loss will also further impair a sector that cannot meet the overwhelming demand for its services.

Prior to the pandemic, nearly half (48 percent) of Mississippi families lived in a child care desert, where there are at least three children for every licensed child care slot.²³ Availability was especially limited for families who have infants and toddlers. Even when care is available, it is often unaffordable: the average annual cost of

center-based child care for infants in Mississippi (\$5,933) is cost-prohibitive for many families, and seems exorbitant in a state where even in-state college tuition and fees cost \$8,640.²⁴ Quality can also be a problem, as high rates of provider turnover, linked to low rates of compensation, can negatively impact the continuity of care children need, particularly infants and toddlers.²⁵ Mississippi eliminated its previous quality rating and improvement system and has not developed an alternative to assess and improve child care quality.²⁶ Thus, there is a lack of data on the quality of care in Mississippi.

This lack of affordable, quality child care harms working parents by preventing them from being able to go to work with the necessary peace-of-mind to be focused, productive employees. Employers also suffer from workers' lower productivity and increased turnover. A 2019 ReadyNation study examining the nation's child care crisis, just for infants and toddlers, described the dire economic consequences: a staggering annual cost of \$57 billion in lost earnings, productivity, and revenue.²⁷ The estimated cost for Mississippi is \$308 million per year.²⁸ COVID-19 has almost certainly increased this economic burden.

How can businesses help address the child care crisis? A ReadyNation survey

To further explore the issues described above and to examine potential solutions, ReadyNation commissioned a national survey of 408 senior business leaders in June, 2021. Respondents reflect a representative sample of executives at companies with at least \$5 million in annual revenue and at least 100 employees.

Impact of COVID-19

Employers reported various workforce disruptions due to the pandemic, including difficulty filling open positions, employees working fewer hours, and employees leaving the workforce (temporarily or permanently). Further, 30 percent of employers stated that employees cited child care issues as a reason for employment changes.

Supports businesses were offering pre-COVID-19

Prior to the pandemic, the parental supports employers offered most often were predictable work hours/schedules and flexible work schedules, with two-thirds of employers offering these supports. Slightly more than half of employers offered paid parental leave, and slightly less than half mentioned federal and state employer tax credits. Other supports were only offered by one-third or fewer of employers surveyed (dependent care accounts, child care resource and referral services, subsidies, sick child care, contracts with community providers, on-site child care, bringing baby to work, and back-up child care).

Further, about two-thirds of employers responding believe that offering these family and child care supports increases employee retention and productivity. More than half believe these supports reduce absenteeism and increase their ability to recruit a talented workforce.

Plans post-COVID-19

In the next year or post-COVID, about two-thirds of employer respondents are somewhat (36 percent) or very (35 percent) likely to expand child care supports offered to their employees.



Barriers to expanding child care supports

When asked about barriers to expanding child care supports offered to employees:

- 30 percent of employers said that their company already did enough;
- 30 percent cited a lack of resources;
- 25 percent said they were not sure which options would best support their employees' needs;
- 24 percent said that their employees did not need more supports;
- 20 percent said they were not sure of their employees' needs;

- 17 percent reported not knowing what child care options were available;
- 16 percent said that child care was not the employer's responsibility.

Policymakers must partner with business to support employees' child care needs

When asked about federal or state government incentives, more than three-quarters (76 percent) of employers said that such incentives would increase the likelihood that their company would expand the child care supports offered to employees. Regarding specific policies, more than 60 percent of employers

endorsed each of the incentives mentioned in the survey (See table).

Our economy hinges on making child care more accessible and affordable for families with young children. Both government and private-sector employers have vital roles to play. Unprecedented public investments must be coupled with robust employer incentives to build lasting public and private investments in our nation's child care system.

Expanding public subsidies to families with low incomes will help them access quality child care of their choice. Providing direct assistance to child care providers will

Policies to help employers support employees' child care needs

Percentage of employers responding that policy would be extremely or very helpful:

Federal tax credit to employers for setting up dependent care accounts; increase the tax credit for employer contributions and the cap of employee pre-tax contributions	75%
Increase employer state tax credit for qualified child care expenditures.....	73%
Sustain/ increase investments in CCDBG funding for child care subsidies.....	70%
Update and clarify the employer general federal tax credit for employer qualified child care expenditures (remove \$150,000 cap).....	69%
Capital funding for construction of on-site child care facilities.....	64%
State technical assistance to employers developing child care plans.....	64%
State consultation to determine impact of child care availability on businesses....	62%
Small Business Administration financial training and supports for child care providers, including employers as mentors and trainers.....	60%

enable them to develop much-needed infrastructure and to pay adequate wages to their staff. Assisting home-based providers in delivering consistent, quality care will strengthen the foundation of the child care system. Mississippi needs significant public investments like these to increase the supply of quality child care, enable our labor force to thrive, and allow our economy to flourish.

Businesses have a role to play, and that role must be more active. However, businesses alone cannot solve the child care crisis. Almost half (46 percent) of Mississippi employees, approximately 438,000 people, work for small businesses²⁹ that might not have the resources to meet their employees' child care needs on their own.³⁰

The child care crisis also affects the future workforce

Beyond its negative consequences for the current workforce, the child care crisis also hurts the future workforce by depriving children of the benefits that can come from high-quality child care. Studies demonstrate that the first few years of life represent a critical window of opportunity for laying a foundation for later success.³¹ During those years, more than one million neural connections form every second—a period of brain development unmatched by any other.³² Young children depend on nurturing, stimulating environments, both

at home and in child care, for healthy brain development.

Research shows that high-quality child care enhances children's cognitive, social, and emotional development. For example, a longitudinal study of more than 1,300 children found that kids in higher-quality child care were better prepared for school at age 4 compared to children in lower-quality child care.³³ At age 15, the children who had experienced higher-quality care were still performing slightly above their peers and had significantly lower levels of behavior problems. Such results matter to business leaders, as these data roughly cover the same technical and non-technical skill sets that employers and managers seek in their hires.

Policymakers must support the child care sector

The benefits that can flow from high-quality child care indicate that it is an essential element to keep women in the workforce, rebuild our economy, and lay the foundation for the workforce of the future.

For Mississippi's economy to stabilize and thrive, access to affordable, quality child care for working families remains a necessity. Business leaders and policymakers must partner to address the child care crisis and facilitate women's participation in the workforce.

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