



New Hampshire Business Convening

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Sarah Savage

Federal Reserve Banks of Boston

The views expressed are my own and not those of the Federal Reserve Bank of Boston or the Federal Reserve System.

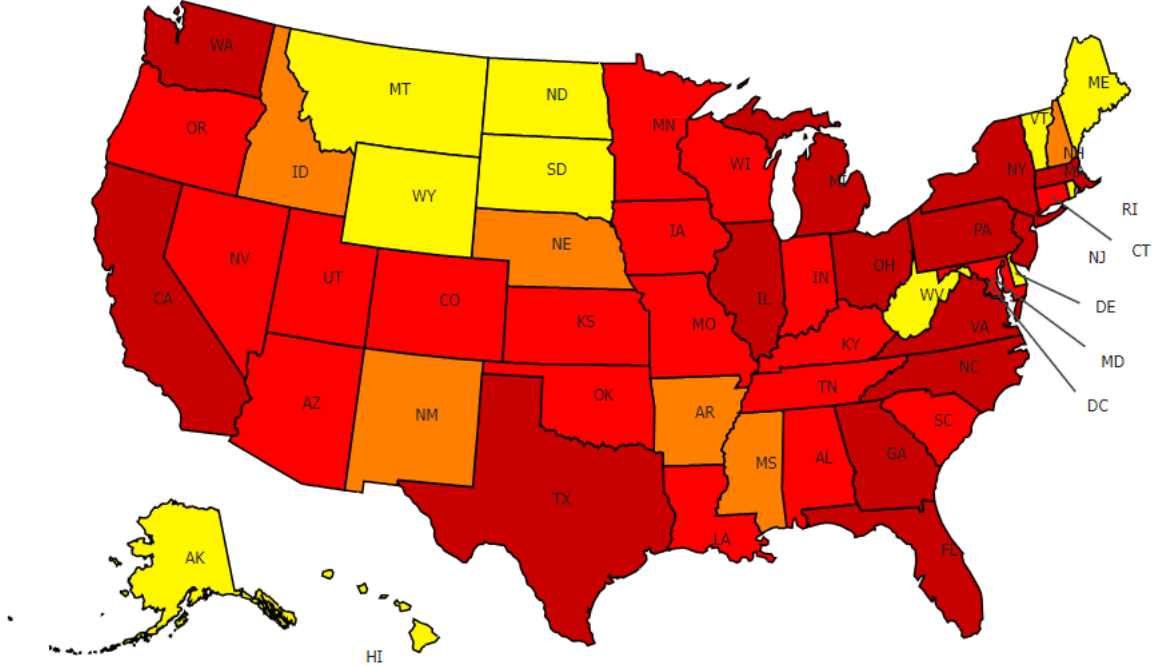


Why are FR Banks concerned with child care?



- ▶ Critical to work and the economy
- ▶ Inequitable access
- ▶ Market failure
- ▶ Downstream effects

The status quo is costing the economy billions



Annual estimated cost of infant-and-toddler child care crisis



The economic impacts of insufficient child care on parents, employers, and taxpayers

Insufficient care for children under the age of 3 costs individuals, businesses, and the country billions of dollars each year.

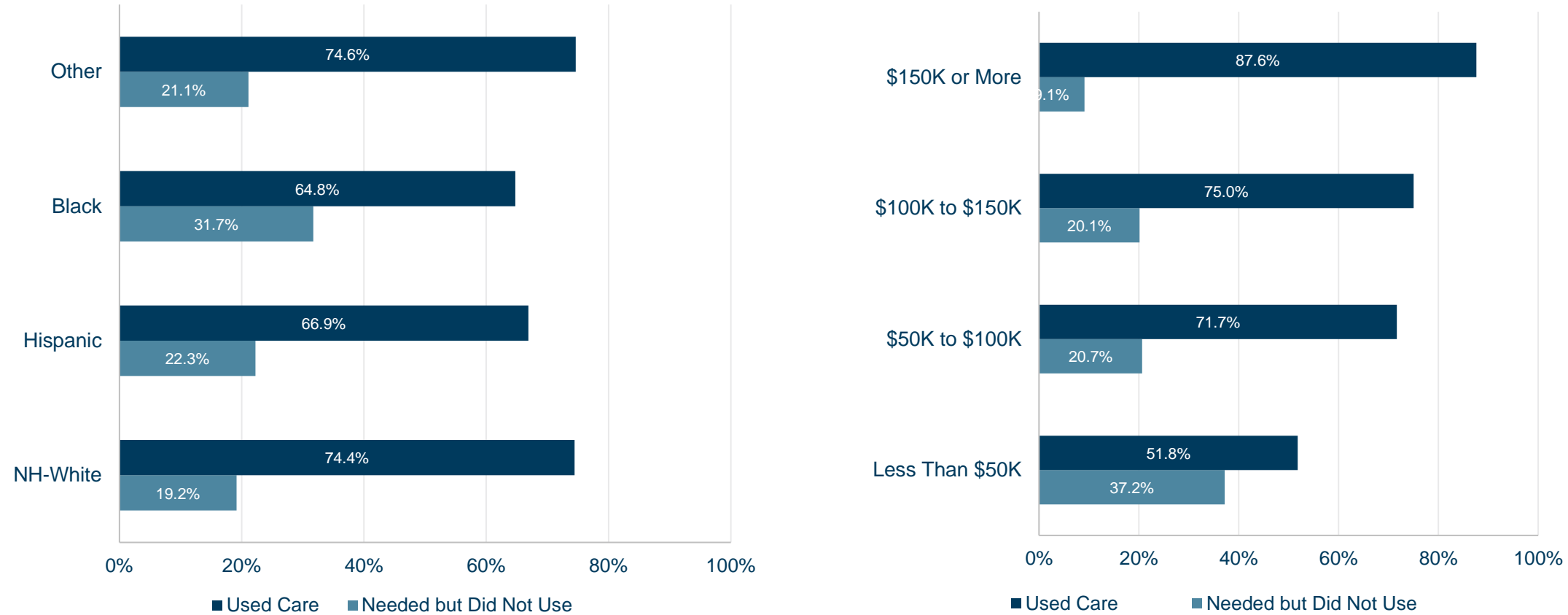
Annual aggregate economic burden each year a child is under age 3:

- Individual average
- Total



Source: Bishop, S. (2023).

More Mothers of Color and Lower-Income Mothers “Needed but Did Not Use” Care in February–April 2022 Period



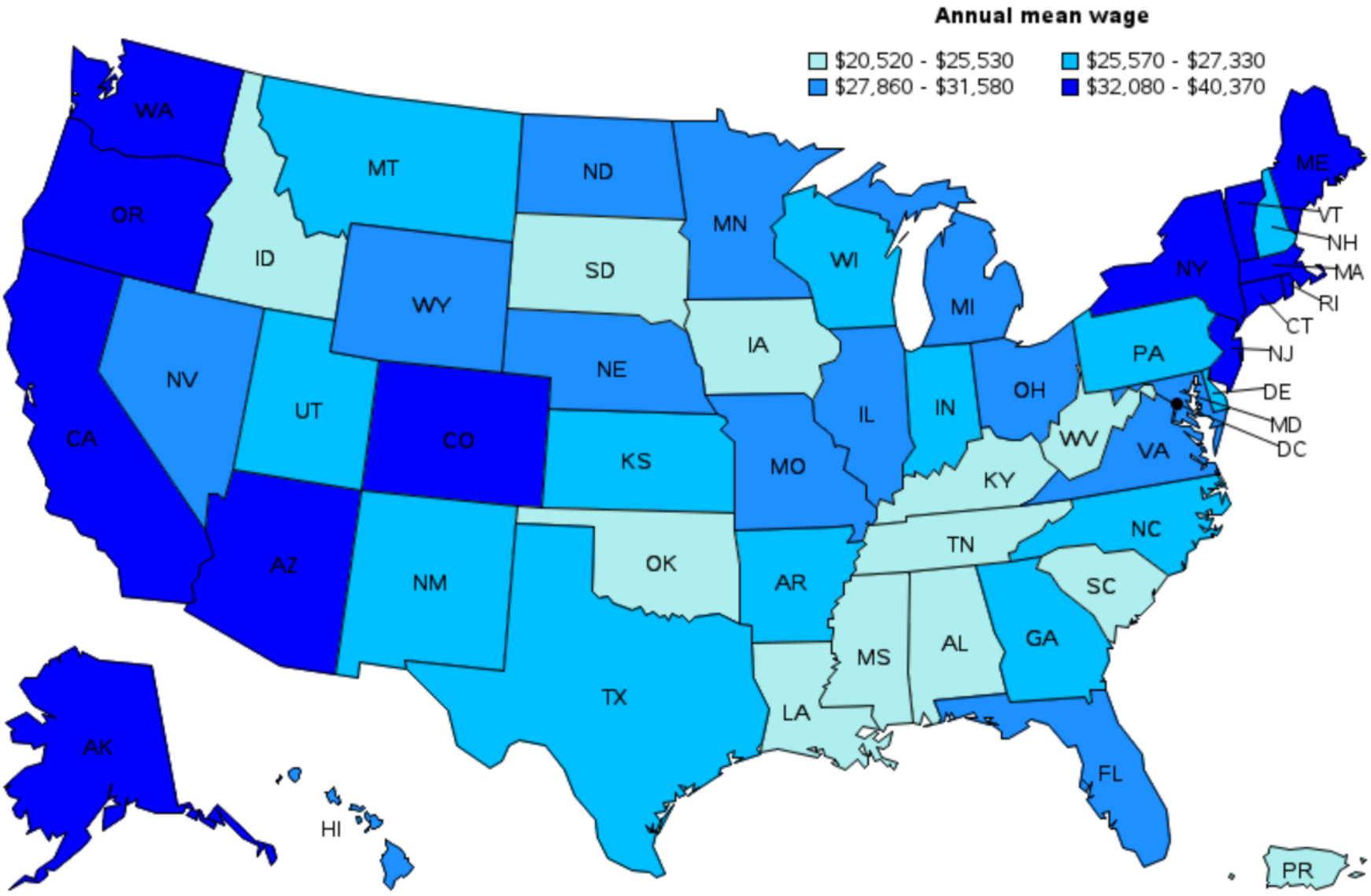
Source: Federal Reserve Bank of Boston Parent Demand Survey.

Notes: Data are weighted on age, state, race, number of adults in household, number of children under 18 in household, and household income using the 2019 American Community. “Use of care for Other and NH-White mothers is not statistically significant at $p < 0.05$ level.

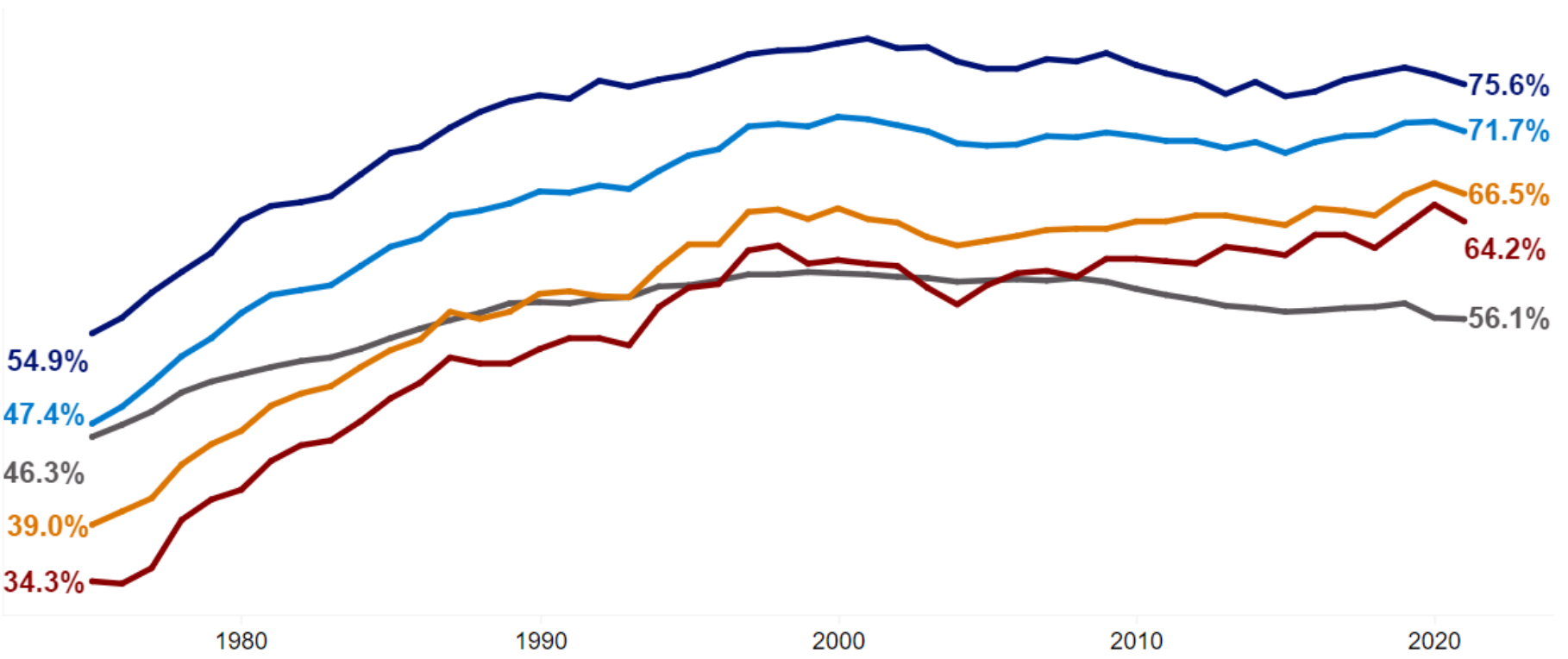
Access challenges are about more than affordability

- ▶ From a parent perspective, **high-quality care is expensive**, but even in a world where all high-quality care were free, if hours and location don't align with parental employment, the care is still inaccessible
- ▶ From a provider perspective, what parents pay *per hour* of care is low, or what they're reimbursed for subsidized slots is low, constraining providers. For example, child care workers are paid so little that 53% receive at least one public benefit (Smith et al. 2021)

Annual mean wage of childcare workers, by state, May 2022



Women's labor force participation rates by age of youngest child since 1975



Notes: Children are own children and include biological children, step-children, or adopted children. Estimates refer to co-residential children only.
Data: Bureau of Labor Statistics, Current Population Survey Annual Averages and March CPS Annual Social and Economic Supplement 1975-2021
Graphic: U.S. Department of Labor, Women's Bureau

- Age of Children
- Under 18 Years
 - 6-17 Years Old
 - Under 6 Years
 - Under 3 Years
 - Total, all women



These patterns feed into occupational gender gaps

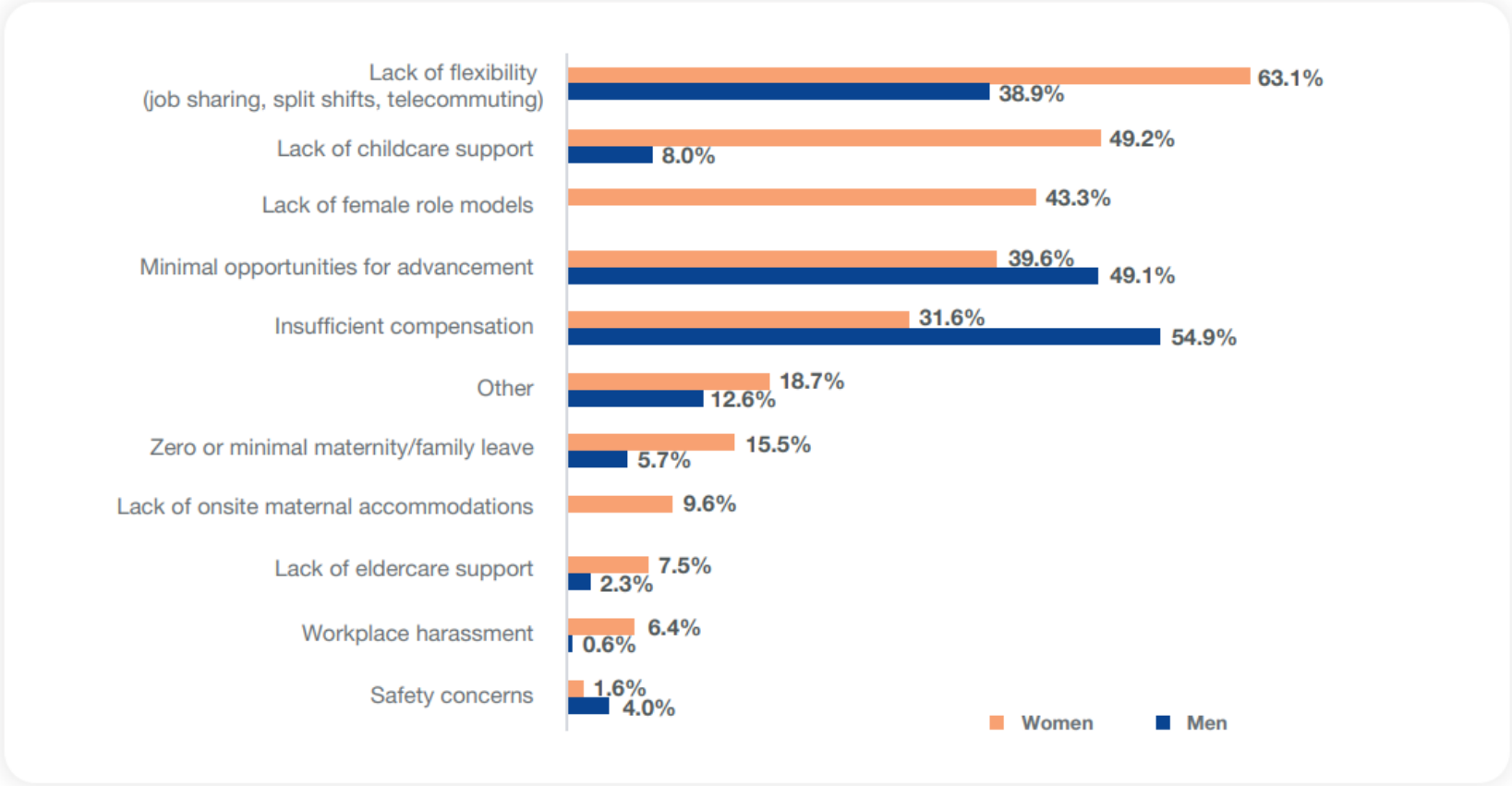
Figure 3: Manufacturing Employment by Gender, 2010–2022



*Source: Moutray, C. (2022). Center for Manufacturing Research.

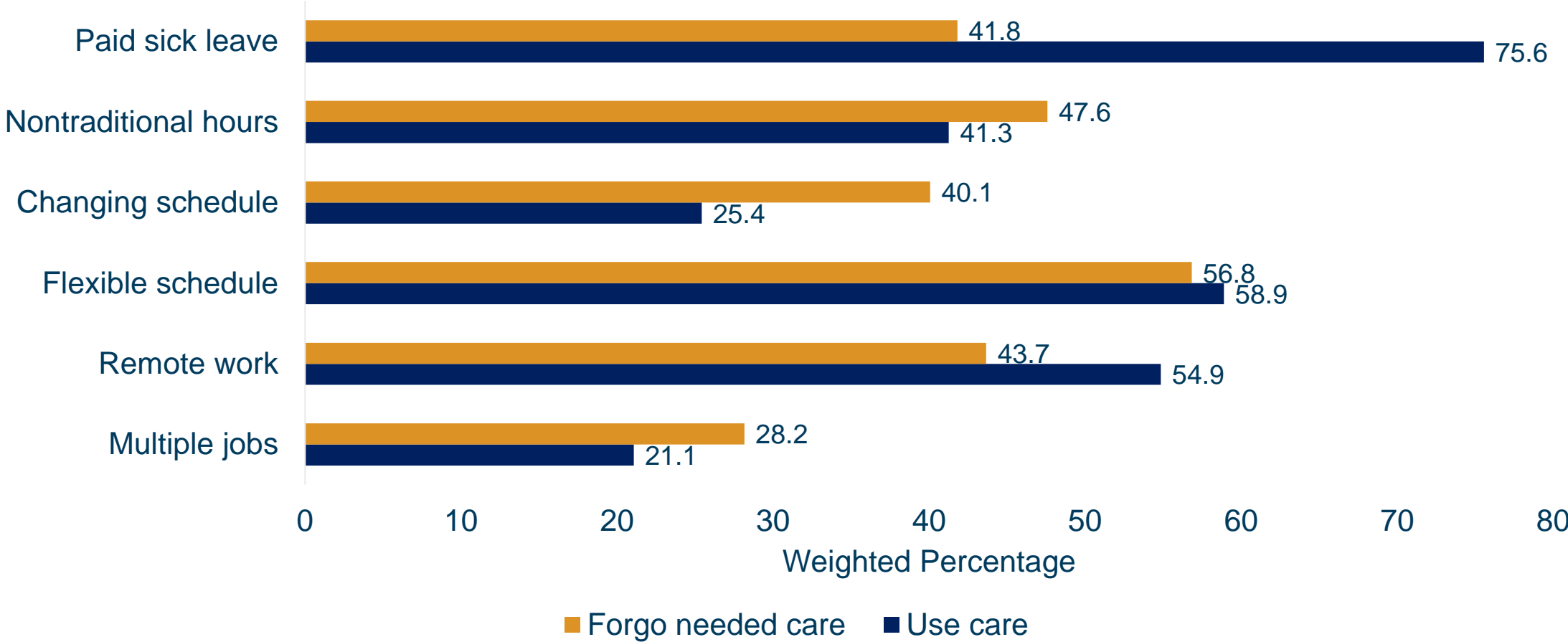
A study found the biggest labor force challenges of women in manufacturing to be related to caregiving

Figure 6: Biggest Labor Force Challenges Heard from Male and Female Employees



*Source: Moutray, C. (2022). Center for Manufacturing Research.

The Boston Fed Study Demonstrates that Job Characteristics Matter for Accessing Child Care



*Source: Federal Reserve Bank of Boston Parent Demand Survey, conducted February 2022-April 2022.

Current policy landscape points to employers

- ▶ There is inertia at federal level leaving states and localities to figure out
- ▶ The CHIPS Act with requirement for semiconductor manufacturers
- ▶ Child care is an economic issue with downstream effects
- ▶ Pandemic highlighted the ability of many employers to experiment

Potential employer roles vary in cost, fit, and impact

- ▶ Assessment of needs (surveys, focus groups, ERGs)
- ▶ Tailored efforts (on- or near-site care, backup care, flexibility, remote work)
- ▶ Stipends for flexible usage
- ▶ Contracting with providers for slots
- ▶ Joining coalitions for best practices, implementing solutions, or advocacy
- ▶ Flexible dependent spending accounts to reduce tax liability
- ▶ Leveraging 45F employer tax incentives for eligible child care expenses
- ▶ Joining public/private partnerships – cost sharing models

A great first step is this conversation!

sarah.savage@bos.frb.org