

# Women, Work, and Child Care

A white paper on the intersection of child care, the economy and gender equity in Vermont



March 2018



# Table of Contents

Overview .....	1
Balancing Children and Work.....	1
Child Care and Vermont’s Economic Future.....	2
Labor Force Participation of Women with Young Children .....	2
Women and Paid Family and Medical Leave .....	3
“Women’s Work” .....	4
The Path Forward: Supporting Vermont’s Women, Families and Economy .....	4
Fixing the Funding Gap in Vermont’s Child Care Financial Assistance Program (CCFAP).....	4
Support Vermont’s Early Care and Learning Workforce – Increase Funding for T.E.A.C.H. Early Childhood Vermont.....	5
Pass Paid Family and Medical Leave Insurance .....	5
Conclusion.....	6
References .....	7

---

## Let’s Grow Kids

Let’s Grow Kids is a statewide public awareness and engagement campaign about the need for more high-quality, affordable child care in Vermont to better support our children, families, communities and economy.

## Vermont Commission on Women

The Vermont Commission on Women (VCW) is a non-partisan state commission advancing rights and opportunities for women and girls. Sixteen volunteer commissioners, along with representatives from organizations concerned with women's issues, guide VCW's public education, coalition building, and advocacy efforts.

---

Let’s Grow Kids | 19 Marble Ave, Ste 4 | Burlington, VT 05401 | [www.letsgrowkids.org](http://www.letsgrowkids.org)

Vermont Commission on Women | 126 State St, 2<sup>nd</sup> Fl | Montpelier, VT 05633 | [women.vermont.gov](http://women.vermont.gov)

## Overview

In the US, women, more than men, fill the role of primary caregivers for young children.<sup>1</sup> While some women intentionally make the choice to leave the workforce or scale back work arrangements to care for children, research has found that many women don't have a choice in the matter, instead making these arrangements due to child care challenges—particularly the inability to find or afford quality child care.<sup>2,3</sup> When a community offers a comprehensive early care and learning system that includes access to paid family and medical leave as well as child care options that are high-quality, affordable and easily accessible, parents and guardians—especially women—are able to make balanced decisions about what works best for their families.

## Balancing Children and Work

Balancing children and work can be challenging for parents and guardians, particularly women. Research has shown that women in two-parent households often feel obligated to stop participating in or reduce their participation in the workforce to provide care for young children, especially when families can't find or afford child care or early learning programs.<sup>4</sup> According to a national study of individuals with at least honors-level bachelor's degrees, 74% of women who voluntarily left their career reported child care as their primary decision factor.<sup>5</sup> The findings of this study can be seen in Vermont-specific data. In our state, in families led by opposite-sex couples with only one parent in the labor force, 18.1% had a husband in the labor force and a wife not in the labor force, and 4.1% had a wife in the labor force and a husband not in the labor force.<sup>6</sup>



This is also a critical issue for single-parent, woman-headed households. When women are the primary caregiver and head of household, they can face even greater challenges balancing work and child care. According to the US Census Bureau, 13% of all Vermont families with young children under 5 years old have an income below the poverty line, but for women-headed, single-parent households, this number jumps to 44.6%.<sup>7</sup>

For women who leave the labor force to look after their young children, the decision not only impacts their family's immediate economic stability but also their long-term economic situation. For example, a woman earning Vermont's median income of \$56,990 would face a projected loss of \$610,050 over her lifetime if she had or adopted a child at age 35 and remained out of the workforce until the child was eligible to enroll in kindergarten.<sup>8</sup> This figure represents the value of short-term lost wages, lost wage growth over the woman's career trajectory and lost retirement asset growth. Additionally, these stops and starts contribute to the wage gap that exists between men and women. In Vermont, women earn 84 cents for every dollar men earn, and the wage gap is even greater for women of color.<sup>9</sup> Between the earnings women lose over the course of their careers and in their day-to-day incomes, the time women often take off has a significant impact on families' and the state's bottom lines.

Furthermore, families can spend a high percentage of their household income on child care. This is particularly true for single-parent, woman-headed households, which makes it challenging to budget for and reconcile with their single-earner income. A single mother earning \$32,154 per year, the median income for a female-householder in the state of Vermont, would likely qualify for the state's Child Care Financial Assistance Program (CCFAP). If the mother had two children—one infant and one toddler—she could spend almost 40% of her income on child care, even with financial assistance through CCFAP.<sup>10</sup> This presents challenging decisions for many Vermont women, many of whom have to spend a significant portion of their income on child care for their young children while pursuing economic security for their families.

## Child Care and Vermont's Economic Future

Numerous articles and reports have noted that Vermont needs more workers in order to fill current and future business demands, with some reports estimating that the state needs to add at least 10,000 workers per year in order to grow the state's economy.<sup>11</sup> As Vermont faces an aging and shrinking workforce, women's labor force participation and its connection to child care is a critical issue for our communities, families and economy. A comprehensive early care and learning system that includes paid family and medical leave can be an important resource for supporting our current workforce and attracting new families with young children to our state.<sup>12</sup>



Internationally, research has found that countries or regions with a higher availability of affordable child care have high maternal labor force participation rates.<sup>13</sup> Additionally, this research has shown that investing in quality child care, especially for young children, can increase maternal labor force participation.<sup>14</sup> An article published by Fox Business notes that, in Canada, the province of Quebec was able to increase women's participation in the labor force by introducing universal child care and expanding paid parental leave.<sup>15</sup>

### Labor Force Participation of Women with Young Children

Caring for children can lead to unforeseen time off, additional sick days and sometimes even the decision to leave a job. The numbers suggest that it is women with young children who experience these challenges most frequently.

In a 2016 study conducted by the US Department of Health and Human Services, it was found that state child care assistance programs greatly impacted women's labor force participation.<sup>16</sup> In this study, 10 years of data on state child care assistance programs showed positive outcomes for women participating in the labor force when they had help paying for child care. Women with children birth to age 3, and women with children under 12 who made under 50% of state median income, showed the most significant increases in labor force participation when they had assistance paying for child care.

The department concluded that increased investments in child care “can significantly improve employment outcomes for hundreds of thousands of low-income mothers.”<sup>17</sup> On the federal level, this means that if the Child Care and Development Block Grant was tripled, more than 650,000 new women would enter the workforce.<sup>18</sup> Investing more money into our own state’s CCFAP certainly has the potential to do the same by helping Vermont women reenter the workforce.

## Women and Paid Family and Medical Leave

In addition to the difficulties experienced in finding high-quality, affordable child care, many Vermont families face challenging leave policies when preparing to welcome a new child or managing the health needs of their young children. While some employees are able to take unpaid leave under federal and state law, in a study of Vermont employers, only 16% of the businesses interviewed provided paid maternity leave and only 6% provided paid paternity leave.<sup>19</sup> This can be an incredibly challenging situation for women and families. Without pay, many women do not have access to the benefits extended leave can allow such as the time necessary to heal, bond with their children and settle into parenthood. This is not only a loss from a familial perspective, but also a societal one.

A national study found that 22% of women quit their jobs on the arrival of their first child between 2006 and 2008.<sup>20</sup> This option is much more common among mothers with less than a high school education. More than half of these women quit their jobs when they welcomed their first child and 10% were let go.<sup>21</sup> A Vermont-specific study found that implementing a paid family and medical leave insurance program could result in \$244,909 to \$271,754 in annual savings from reduced public assistance among Vermont’s working women with a recent childbirth and an annual savings of \$2.04 million to \$3.46 million for Vermont parents.<sup>22</sup>



Paid family and medical leave also supports parents and guardians in balancing the demands of work and family. In the event a child faces a serious medical condition that requires advanced care, as noted earlier, women, more than men, are likely to be the parent or guardian who takes time off to support the child through this situation. Being able to retain employment and receive wages during this challenging time can be a significant benefit to families, especially single-parent, woman-headed households. Additionally, having a parent present during a child’s serious illness can increase health outcomes.<sup>23</sup>

Paid family and medical leave is a critical resource for women when making decisions about their careers and families, and it also has the ability to grow Vermont’s economy by keeping more women in the state’s workforce.

## “Women’s Work”

Another connection between child care and women’s participation in Vermont’s economy is the financial position of Vermont’s early care and learning workforce. The early care and learning field has long been viewed in the US as “women’s work.” Studies have shown that this connotation has direct, negative impacts on the market valuation of fields with which this term is associated.<sup>24</sup>

In Vermont, the median wage for child care workers (\$25,080) is below the state’s livable wage for a single adult (\$27,102) and far below the livable wage for an adult living in a two-adult household with two children (\$44,013).<sup>25,26</sup> The members of the state’s early care and learning system, predominantly women, are a critical part of the state’s economy that allows parents and guardians to pursue careers and financial security after having children.<sup>27</sup> However, in the current system, many of these women do not make enough to ensure financial security for themselves or their own families. Additionally, the wages of child care workers in the US have been relatively stagnant over the past two decades, while the qualifications for child care providers now require advanced trainings and degrees in early childhood education. Nationally, this leaves more than one in six child care workers in poverty, more than double the poverty rate of women workers in general.<sup>28</sup> The historical undervaluation of caregiving in the US, both financially and societally, has systematically disadvantaged the women who sustain the field.

## The Path Forward: Supporting Vermont’s Women, Families and Economy

A number of concrete policy changes would make significant strides toward building a society and economy that supports women in all of their chosen roles, as mothers, as employees or as employers. Child care is the issue that can make a pivotal difference in Vermont. By investing in and supporting CCFAP, workforce support programs for early care and learning professionals and paid family and medical leave insurance, we can elevate our Vermont families and communities.

### Fixing the Funding Gap in Vermont’s Child Care Financial Assistance Program (CCFAP)

Vermont’s Child Care Financial Assistance Program (CCFAP) helps families who meet certain work, education and income requirements to afford child care. The program also provides child care financial assistance to children in foster care and children and families who meet certain health criteria.

CCFAP makes payments directly to a child care provider on behalf of a family. The amount of the payment is determined by the age of the child, the income and size of the family, the type of child care program, the number of hours of care needed and the child care program’s quality designation in STARS (STep Ahead Recognition System—Vermont’s quality recognition and improvement system for regulated child care and early learning programs). Assistance is provided on a sliding fee scale that gradually reduces the assistance benefit as family income rises. Families pay a co-payment directly to providers to make up the difference between what the state pays and what the provider charges.

Due to chronic underfunding, the program's reimbursement rates are based on tuition rates charged by child care and early learning programs in 2008–2010, leaving a significant gap between CCFAP's reimbursement rates and current tuition costs. This gap means that families who qualify for CCFAP can still spend more than 40% of their income on child care.

**To ensure that more Vermonters have affordable access to high-quality early care and learning programs, the Vermont Legislature can take immediate steps to address the current \$9.2 million funding gap in CCFAP.**

## **Support Vermont's Early Care and Learning Workforce—Increase Funding for T.E.A.C.H. Early Childhood Vermont**

Vermont continues to face a serious shortage of qualified early childhood teachers and assistants. A contributing factor to this shortage is the lack of resources available to help early childhood educators attain the degrees and credentials necessary to meet demand. T.E.A.C.H. Early Childhood Vermont provides scholarships, books and travel funds, release-time funds, contract completion bonuses, and counseling to non-traditional students seeking degrees and credentials in the early education field. The professional development and education of members of the early care and education workforce has been directly linked to quality of care and learning in numerous studies and reports. By promoting higher education and removing unaffordability as a barrier, T.E.A.C.H. Vermont is helping to establish a well-qualified, fairly-compensated and stable workforce to provide Vermont's young children the strongest possible start.

Currently, T.E.A.C.H. Vermont receives federal grant funding and, in 2019, T.E.A.C.H. Vermont will begin collaborating with the Vermont Apprenticeship Program to more effectively leverage shared resources. While sustainable funding transitions are underway, T.E.A.C.H. Vermont needs **\$320,000 for state fiscal year 2019 to sustain the current program cohort of 50 AA degree students and 20 licensure recipients**. By supporting one-time funding for T.E.A.C.H. Vermont in the 2019 budget, the state will sustain a program that is critical to Vermont's early childhood workforce.

## **Pass Paid Family and Medical Leave Insurance**

A bill under consideration in the Vermont Legislature, H. 196, would create a paid family and medical leave insurance program in our state. While the version of the bill passed by the Vermont House of Representatives reflects significant amendments, the original language would allow parents or guardians to take up to 12 weeks of paid leave for pregnancy; the birth, adoption or fostering of a child; or for serious illness or non-work-related injury of the employee or a close family member. Funded through a payroll deduction, an employee would be eligible to receive 100% wage replacement up to two times Vermont's livable wage (calculated by Vermont's Legislative Joint Fiscal Office). To be eligible for coverage, a person must have paid into the insurance program for a minimum of six out of the past 12 months.

**Passing H. 196, as originally introduced, has the potential to help many Vermonters, especially women, remain in the workforce while welcoming a new child or balancing the demands of work and family.**

## Conclusion

Investing in and cultivating a system of high-quality, affordable early care and learning is a critical component of supporting Vermont families, especially women. With state support of programs like CCFAP, T.E.A.C.H. Early Childhood Vermont and paid family and medical leave insurance, families, the economy and women themselves will benefit from more promising economic futures.





# References

---

- <sup>1</sup> *The Status of Women in the States*. [Work & Family]. Retrieved from <https://statusofwomendata.org/explore-the-data/work-family/#chapter/>.
- <sup>2</sup> Ansel, B. (November 29, 2016). *Is the cost of childcare driving women out of the U.S. workforce?* Washington Center for Equitable Growth Equitablog. Retrieved from <http://equitablegrowth.org/equitablog/is-the-cost-of-childcare-driving-women-out-of-the-u-s-workforce/>.
- <sup>3</sup> Zarya, V. (October 6, 2015). "Childcare now costs more than rent. No wonder more women are opting out of the workforce." *Fortune*. Retrieved from <http://fortune.com/2015/10/06/childcare-rent-women-workforce/>.
- <sup>4</sup> Parker, K. (October 1, 2015). *Women More Than Men Adjust Their Careers for Family Life*. Pew Research. Retrieved from <http://www.pewresearch.org/fact-tank/2015/10/01/women-more-than-men-adjust-their-careers-for-family-life/>.
- <sup>5</sup> Hewlett, S.A. *Brain Power: Off-Ramps and On-Ramps Revisited*. (2014). Rare Bird Books.
- <sup>6</sup> US Census Bureau. (2012–2016). American Community Survey 5-Year Estimates Table S2302: Employment Characteristics of Families. Retrieved from [https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16\\_5YR/S2302/0400000US50/](https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16_5YR/S2302/0400000US50/).
- <sup>7</sup> US Census Bureau. (2017). American Community Survey 5-Year Estimates (2012–2016) Table DP03: SELECTED ECONOMIC CHARACTERISTICS. Retrieved from: [https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16\\_5YR/DP03/0400000US50/](https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16_5YR/DP03/0400000US50/).
- <sup>8</sup> Analysis calculated using <https://interactives.americanprogress.org/childcarecosts/>. Assumed parent is female and age 34, earning an annual salary of \$56,990 per year and planning to welcome a new child at the age of 35 and remain out of the workforce for 5 years. Assumed that employee began working at age 22 and contributes 5% to an available 401(k) and that the employer also contributes 5%. Also assumed retirement age of 67 and a life expectancy of 82 years.
- <sup>9</sup> National Partnership for Women and Families (April 2017). Vermont Women and the Wage Gap: Fact Sheet. Retrieved from <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2017-vt-wage-gap.pdf/>.
- <sup>10</sup> LGK analysis of US Census Bureau, 2012–2016, American Community Survey Five-Year Estimates, 2015 Vermont Child Care Market Rate Survey and Vermont Child Care Financial Assistance Income Eligibility.
- <sup>11</sup> Mansfield, E. (January 12, 2017). "Report: 10,000 more workers a year needed to grow Vermont's economy." *VTDigger*. Retrieved from: <https://vtdigger.org/2017/01/12/report-calls-migration-increase-vermonts-workforce/>.
- <sup>12</sup> Gould, E. and Schieder, J. (April 12, 2016). *An ambitious investment in child care can boost women's labor force participation and narrow the gender wage gap*. Washington, DC: Economic Policy Institute. Retrieved from <http://www.epi.org/publication/an-ambitious-investment-in-child-care-can-boost-womens-labor-force-participation-and-narrow-the-gender-wage-gap/>.
- <sup>13</sup> Vuri, D. (March 2016). "Do childcare policies increase maternal employment?" *IZA World of Labor*, 2016: 241. doi:10.15185/izawol.241.
- <sup>14</sup> Ibid.
- <sup>15</sup> Leubsdorf, B. (July 2, 2017). "How Can the U.S. Get More Women Into the Workforce? Ask Canada." Fox Business. Retrieved from <http://www.foxbusiness.com/features/2017/07/02/how-can-u-s-get-more-women-into-workforce-ask-canada.html/>.
- <sup>16</sup> US Department of Health and Human Services. (December 20, 2016). *The Effects of Child Care Subsidies on Maternal Labor Force Participation in the United States*. Retrieved from <https://aspe.hhs.gov/system/files/pdf/253966/EffectsCCSubsidiesMaternalLFPBrief.pdf>.
- <sup>17</sup> Ibid.
- <sup>18</sup> Ibid.
- <sup>19</sup> Vermont Commission on Women. (January 2017). *Highlights from: Vermont Paid Family and Medical Leave Feasibility Study*. Retrieved from [http://women.vermont.gov/sites/women/files/pdf/PFML\\_Study\\_Highlights.pdf/](http://women.vermont.gov/sites/women/files/pdf/PFML_Study_Highlights.pdf/).
- <sup>20</sup> Laughlin, L. (2011). *Maternity Leave and Employment Patterns of First-Time Mothers: 1961–2008*. Washington, DC: US Census Bureau. Retrieved from <https://www.census.gov/prod/2011pubs/p70-128.pdf/>.
- <sup>21</sup> Ibid.
- <sup>22</sup> Vermont Commission on Women. (January 2017). *Highlights from: Vermont Paid Family and Medical Leave Feasibility Study*. Retrieved from [http://women.vermont.gov/sites/women/files/pdf/PFML\\_Study\\_Highlights.pdf/](http://women.vermont.gov/sites/women/files/pdf/PFML_Study_Highlights.pdf/).
- <sup>23</sup> AEI-Brookings Working Group on Paid Family Leave. (May 2017). *Paid Family and Medical Leave An Issue Whose Time Has Come*. AEI-Brookings. Retrieved from [https://www.brookings.edu/wp-content/uploads/2017/06/es\\_20170606\\_paidfamilyleave.pdf](https://www.brookings.edu/wp-content/uploads/2017/06/es_20170606_paidfamilyleave.pdf).

- 
- <sup>24</sup> Gould, E. and Schieder, J. (July 20, 2016). *“Women’s work” and the gender pay gap*. Washington, DC: Economic Policy Institute. Retrieved from: <http://www.epi.org/publication/womens-work-and-the-gender-pay-gap-how-discrimination-societal-norms-and-other-forces-affect-womens-occupational-choices-and-their-pay/>.
- <sup>25</sup> Vermont Department of Labor. (2017). *ELMI Occupation Report, Child Care Workers (2016)*. Retrieved from <http://www.vtلمي.info/oic3.cfm?occcode=39901100/>.
- <sup>26</sup> Vermont Legislative Joint Fiscal Office. (February 1, 2017). *Basic Needs Budget and the Livable Wage*. Retrieved from [http://www.leg.state.vt.us/jfo/reports/2017%20BNB%20Report%20Revision\\_Feb\\_1.pdf/](http://www.leg.state.vt.us/jfo/reports/2017%20BNB%20Report%20Revision_Feb_1.pdf/).
- <sup>27</sup> Chang, Q. and Irwin, C.W. (December 2015). *Vermont’s Early Childhood & Afterschool Workforce: Findings from the Vermont Early Childhood & Afterschool Workforce Surveys*. Education Development Center, Inc. Retrieved from [http://dcf.vermont.gov/sites/dcf/files/CDD/Reports/VT\\_Workforce\\_Survey\\_Report\\_FINAL\\_12.31.2015.pdf/](http://dcf.vermont.gov/sites/dcf/files/CDD/Reports/VT_Workforce_Survey_Report_FINAL_12.31.2015.pdf/).
- <sup>28</sup> National Women’s Law Center. (December 2017). *Undervalued: A Brief History of Women’s Care Work and Child Care Policy in the United States*. Retrieved from [https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/12/final\\_nwlc\\_Undervalued2017.pdf/](https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/12/final_nwlc_Undervalued2017.pdf/).