



CHILD CARE WORKFORCE NARRATIVE

NOVEMBER 3, 2023

OVERVIEW

Early care and education (ECE) is an essential component of our economy. Many parents need child care to be able to go to school or work. Child care businesses need to hire staff/educators to care for children. Low child care wages, particularly when combined with high costs of living and a competitive job market, create a significant staff shortage for child care businesses.

DPHHS and its partners are focused on strengthening the child care workforce, which in turn strengthens the general workforce with children, who need access to child care to work. This document provides recent data related to:

- **Child care capacity** across the state.
- The **child care workforce** who staff child care programs, with a focus on compensation and retention.
- The **cost of providing care** for child care programs.
- The **impacts of child care on the general workforce** with children who need access to child care to work, including capacity shortages and high costs.

EARLY CARE AND EDUCATION PROVIDER CAPACITY

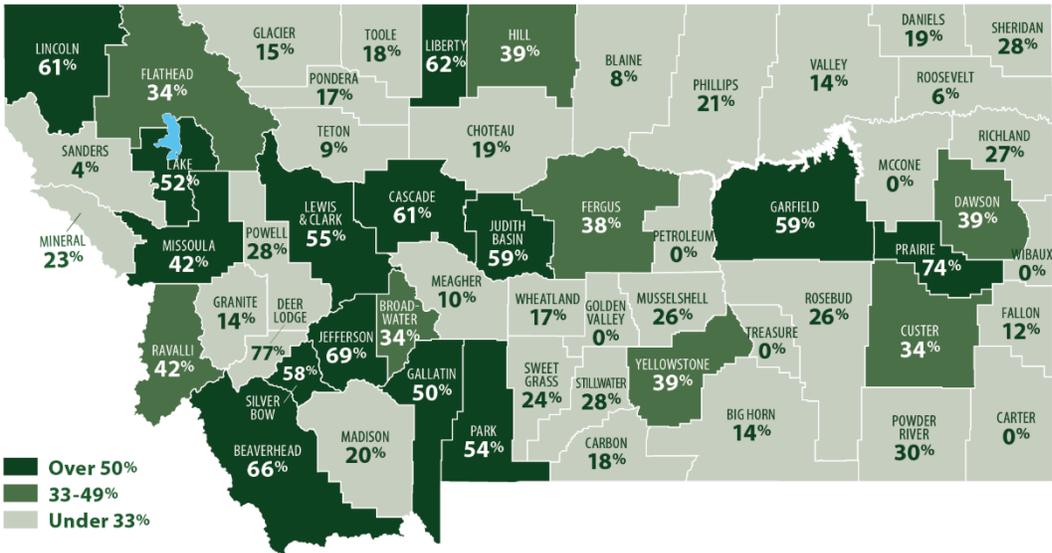
The capacity of licensed child care providers is not enough to meet demand, despite growing to exceed pre-pandemic slots.

Licensed child care capacity meets only 43% of the estimated demand in the state for children up to age 6.¹ Demand for child care includes children living in households where all available parents are working. Child care shortages exist in every county, with 59% of counties identified as child care deserts – meaning supply meets less than a third of estimated demand.² About 16% of all children under 6 with working parents live in a child care desert. Figure 1 shows licensed child care capacity by county as a percentage of estimated demand.

¹ Calculation based on 2017-2021 ACS 5-Year Estimates and average licensed child care capacity in July 2022 as reported by Montana Department of Health and Human Services.

² DPHHS child care licensing data 2022 annual average capacity. 2017-2021 ACS 5-Year Estimates.

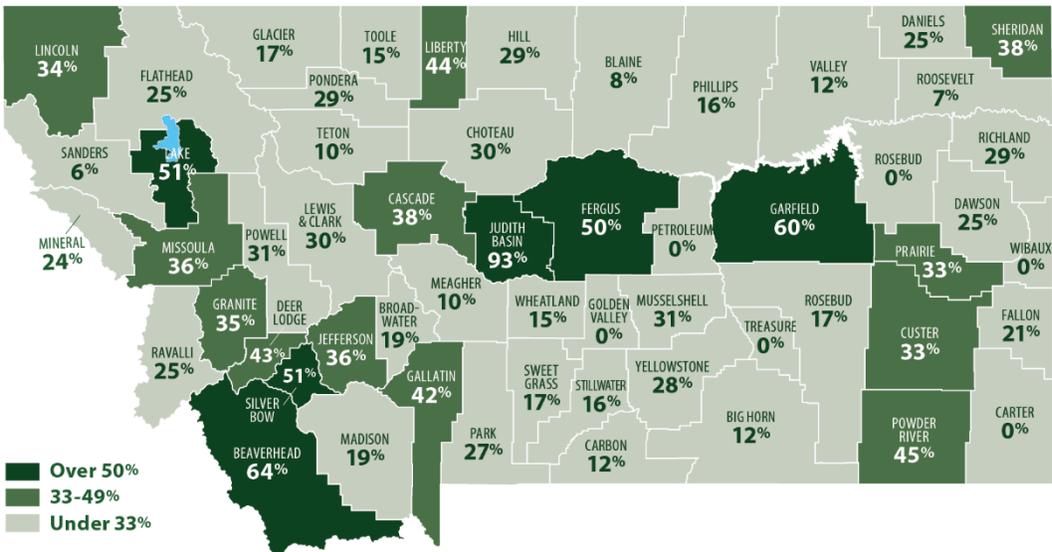
Figure 1. Child care capacity as a percent of children under age 6 with working parents by county



Source: MTDLI analysis of MT DPHHS CCUBS licensed child care capacity in 2022, 2017-2021 ACS 5-Year estimates, and National Vital Statistics System (NVSS) county population estimates. Children with working parents are defined as children living in a home where all available parents are participating in the labor market.

There is less capacity for licensed child care providers to serve children ages 0 to 2. Licensed care capacity only meets 31% of the estimated demand in Montana for children up to 24 months, qualifying the state as a child care desert for this age group. Figure 2 shows the capacity to serve children under age 2 as a percentage of estimated demand by county, where demand is the number of children under two living in working parent households.

Figure 2. Child care capacity as a percent of children under age 2 with working parents by county



Source: MTDLI analysis of MT DPHHS CCUBS licensed infant care capacity in 2022, 2017-2021 ACS 5-Year estimates, and National Vital Statistics System (NVSS) county population estimates. Children with working parents are defined as children living in a home where all available parents are participating in the labor market.

Child care is expensive for many Montana families.

On average, Montana households paid \$350 a week in 2023 for care for children under the age of five, which translates to roughly 33% of the state’s average weekly wage.³

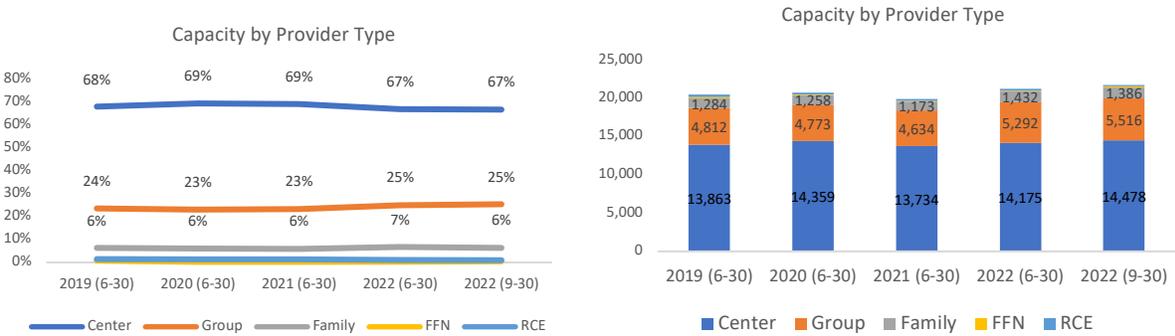
The US Department of Health and Human Services benchmark for affordable child care is expenses amounting to 7% of household income.⁴ In 2023, Montana households averaged \$18,940 in child care expenses for children under age five. Annual child care expenses in 2023 were equivalent to 28% of the state’s median household income, far exceeding the US Health and Human Services benchmark for affordable care.⁵

Child care centers serve the largest proportion of children in Montana.

In 2014 child care centers were serving 59% of children in licensed care. This increased to 69% in 2020 and 2021 and came down slightly in 2022. 2022 saw an increase in group programs⁶ as well as family, friend, and neighbor care.

Figure 3. Licensed capacity and percentage of total capacity by provider type, 2019 – 2022.

Date	Center	Group	Family	Family, Friend, and Neighbor	Relative Caregivers	Total
2022 (9-30)	14,478 (67%)	5,516 (25%)	1,386 (6%)	143 (1%)	214 (1%)	21,737
2022 (6-30)	14,175 (67%)	5,292 (25%)	1,432 (7%)	70 (0%)	226 (1%)	21,195
2021 (6-30)	13,734 (69%)	4,634 (23%)	1,173 (6%)	73 (0%)	255 (1%)	19,869
2020 (6-30)	14,359 (69%)	4,773 (23%)	1,258 (6%)	72 (0%)	259 (1%)	20,721
2019 (6-30)	13,863 (68%)	4,812 (24%)	1,284 (6%)	165 (1%)	300 (1%)	20,424



Home-based providers (group, family, and FFN) provide options for families needing care outside of typical business hours, needing infant care, seeking care for children with special needs, or needing care in rural/frontier communities. The modest increase in home-based care providers over the last few years is a positive sign of market diversification to provide needed options to more families.

³ Average weekly wage as reported by the Quarterly Census of Employment and Wages in Q1 2023. Child care expenditures reported by the U.S. Census Household Pulse Survey from January to May 2023.

⁴ <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>

⁵ Annual child care expenditures estimated based on weekly child care costs reported by the U.S. Census Household Pulse Survey from January to May 2023. Median household income reported by 2022 1-Year Estimates American Community Survey (in 2022 dollars).

⁶ Some of this increase in group providers and decrease in centers may be a result of providers changing from center to group when provider definitions changed in 2021. Centers were previously defined as serving 13 or more children. This increased to programs serving 16 or more children. Group programs currently care for 9 to 15 children, increasing from 7 to 12.

EFFORTS TO INCREASE SLOT CAPACITY

- ECFSO provided American Rescue Plan Act **stabilization and innovation grants** to child care businesses to increase statewide capacity. The division awarded stabilization grants to 715 licensed or registered programs in 51 counties and 31 innovation grants.
- Zero to Five Montana is providing **specialized training and technical assistance to larger child care businesses** in addition to supporting **community capacity** building to support innovative, collaborative approaches to increasing the supply of child care.
- Raise Montana provides **training and technical assistance to new and existing home-based child care businesses** in addition to **shared services**⁷ for these home-based programs. As of January 2023, 27 home-based child care providers completed the Family and Group Child Care Business Series⁸ and Raise Montana funded 50 premium child care management software licenses for providers through the Brightwheel Partnership.
- The Child Care Licensing project is **streamlining licensing regulations and processes** to increase the number of licensed child care providers.

EARLY CARE AND EDUCATION WORKFORCE CAPACITY AND STABILITY

Child care workforce impacts child care capacity

Early childhood educators (ECE) are one of the most in-demand occupations in Montana, according to the Montana Department of Labor and Industry (MTDLI) 2022-2032 employment projections. The MTDLI estimates 545 annual job openings for child care workers through 2032, placing the occupation in the top 30 for the number of openings. Over half (56%) of these openings are projected to occur due to employee turnover. Retirements are estimated to generate an additional 43% of the job openings for child care workers.

Figure 4. Early childhood education, kindergarten, and elementary teachers annual job openings through 2032

Occupation	Minimum Education	Exit	Transfer	Growth	Total
Child care workers	High school diploma	238	306	1	545
Preschool teachers	Associate degree	68	89	19	176
Preschool and child care administrators	Bachelor's degree	7	12	2	20
Kindergarten teachers	Bachelor's degree	24	32	1	57
Elementary school teachers	Bachelor's degree	151	174	10	335

Source: Montana Department of Labor and Industry 2022-2032 Occupational Employment Projections. Exits refer to openings generated from labor market exits, like retirements. Transfer openings include openings due to employee turnover. Growth openings are generated due to an increase in demand for the occupation.

⁷ Montana Shared Services (MTSS) currently offers nine services to Montana child care providers. The free services offered include the ECE Resource Library, ECE Friendly Business Directory, Discounts & Grants, Our ECE Community and the ECE Job Board. The Substitute Service, Telehealth program, and Payroll services have associated fees.

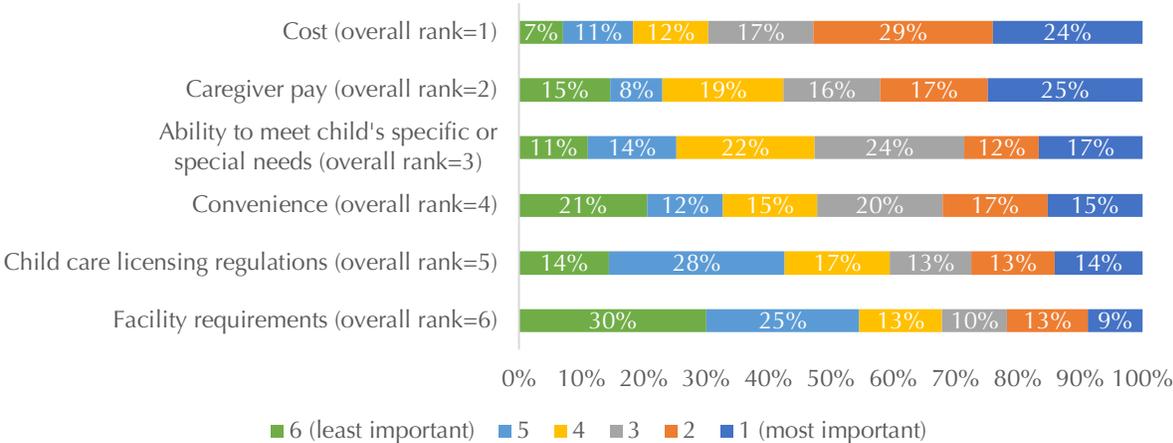
⁸ The Family and Group Child Care Business Series is a 10-week series offered to new and existing home-based child care businesses designed to support business practices of home-based child care. Participation is free and those who complete the entire series receive 30 hours of continuing education credit through the MT Early Childhood Project. Topics include: Contracts, Policy Handbook Development, Recording-Keeping, Time/Space Percentage, and Deductions. Improvements in understanding of business practices demonstrated through pre- and post-test assessments.

More ECE graduates are needed to meet the demand for preschool and kindergarten teachers as well as child care workers. Over 80% percent of ECE graduates work in Montana a year after graduation. However, their earnings fall below average for their educational attainment.⁹ Addressing this income discrepancy would encourage more students to pursue an ECE degree, and thus help increase child care capacity.

Forty-two percent of the 627 Child Care Licensing Assessment survey respondents ranked child care worker pay as the first and second most important factor impacting child care capacity.¹⁰

Figure 5. Ranking of factors that limit child care capacity and access to child care in Montana

How important is each factor in increasing child care capacity and access to child care?



Child care wages are low.

The average child care worker wage is \$12.73/hour or \$26,480/year.¹¹ This is 54% of the average kindergarten teacher's and 44% of the average elementary school teacher's annual salary.

Figure 6. Mean and median wages by educator occupation, 2021.¹²

Occupation	Mean Annual	Median Annual
Child care worker	\$26,480	\$26,720
Head Start classroom teacher	\$30,318	Not listed
Preschool teacher (not special education)	\$32,750	\$31,000
Kindergarten teacher (not special education)	\$49,170	\$46,340
Elementary school teacher (not special education)	\$60,200	\$60,150

⁹ Amy Watson, Montana Department of Labor and Industry, *Montana Post-Secondary Workforce Report: A Report on Workforce Needs and Labor Market Outcomes of Graduates*, October 2022. <https://lmi.mt.gov/docs/Publications/LMI-Pubs/Special-Reports-and-Studies/MTCollegeReport2022.pdf>.

¹⁰ Kristal Jones and Kirsten Smith, Bloom Consulting, *Child Care Licensing Assessment: Stakeholder Perspectives to Support Regulator and Systems Improvement*, April 2022. <https://dphhs.mt.gov/assets/ecfsd/childcare/MTCCLProjectAssessment.pdf>.

¹¹ Montana Department of Labor and Industry, *2022 Montana Informational Wage Rates by Occupation*, May 2022. <https://lmi.mt.gov/docs/Publications/LMI-Pubs/Labor-Market-Publications/OEWS-2021-Pub.pdf>.

¹² Montana DLI, *2022 Wages and Office of Head Start, Program Information Report, Summary Report 2022 – State Level*.

In 2019, the poverty rate for early educators in Montana was 24.7%, higher than for Montana workers in general (12.7%) and eight times higher than for K-8 teachers (3.1%).¹³

Child care workers’ wages vary slightly by geography, with Billings and western Montana having the highest average wages, and east-central Montana the lowest.

Figure 7. Child care worker wages by area, 2022.¹⁴

Area	Mean Hourly	Median Hourly	Mean Annual	Median Annual
Montana	\$12.73	\$12.84	\$26,480	\$26,720
Billings MSA	\$12.97	\$12.60	\$26,980	\$26,210
West (balance of state)	\$12.91	\$12.97	\$26,860	\$26,980
Southwest (balance of state)	\$12.65	\$12.84	\$26,300	\$26,720
Missoula MSA	\$12.60	\$12.65	\$26,200	\$26,310
Great Falls MSA	\$12.77	\$13.11	\$26,570	\$27,270
East-central (balance of state)	\$12.37	\$12.14	\$25,720	\$25,260

Child care workers’ wages vary slightly based on their position, with assistant teachers reporting to the Early Childhood Project an average hourly rate of \$12.76 and lead teachers reporting an average hourly rate of \$14.19.¹⁵

Montana’s child care providers and Head Start programs used a significant proportion of their American Rescue Plan Act stabilization grant awards to pay for staff. Child care stabilization grantees report using over \$53 million of funds for personnel between January and September 2022. This is approximately half of the funding paid to child care providers in that timeframe.

The ECE workforce has significant turnover.

New child care workers enter the field continuously as others leave. In calendar year 2022, the Child Care Licensing Program received a total of 2,971 new staff hire applications, an average of 229 per month. As of January 2023, there are 5,305 active staff members in licensed child care facilities. The 2022 new staff hire applications represent 56% of that total. Head Start staff also experienced significant turnover with 328 staff members leaving in 2022 out of a total 1,380 staff members (24% turnover); 78 reported leaving for higher compensation.¹⁶

As shown in Figure 4 above, MTDLI estimates 99% of the 545 annual job openings for child care workers are due to employee turnover and retirements. Child care workers experience higher rates of turnover and labor force exits than the average occupation in Montana.¹⁷

Low compensation hinders broad professionalization of the child care workforce.

There is a tension between the need to provide high-quality early learning and development experiences to children through highly trained, educated, credentialed, and experienced staff, and the low wages paid in

¹³ Center for the Study of Child Care Employment, UC Berkeley, *State Profiles: Montana*. <https://csce.berkeley.edu/workforce-index-2020/states/montana/>.

¹⁴ MTDLI, *2022 Wages*.

¹⁵ Montana Early Childhood Project, Montana State University, *Profile Summary Fact Sheet*, Q3 2022.

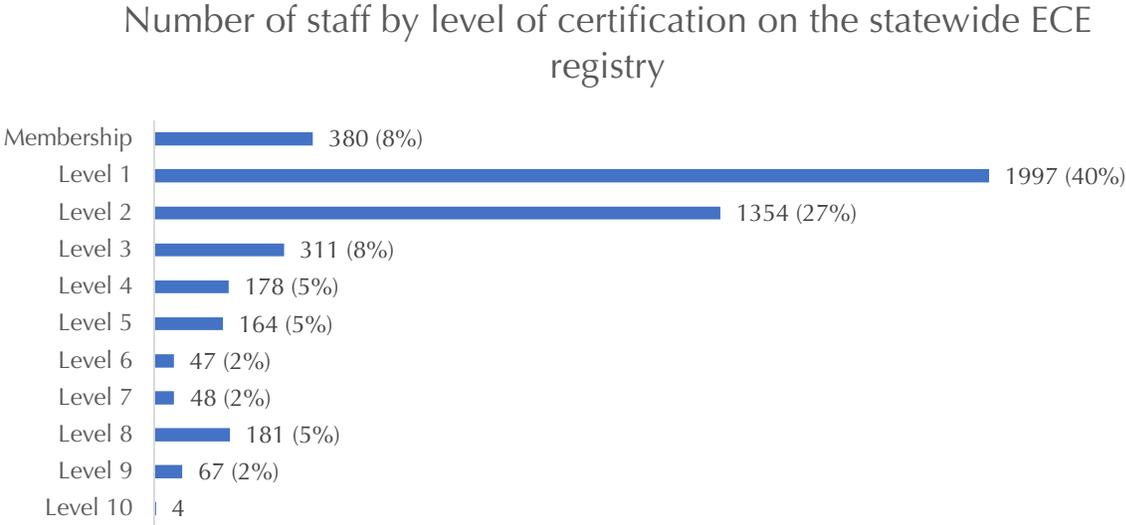
¹⁶ Head Start, *2022 Program Information Report*.

¹⁷ MTDLI 2022 – 2032 *Occupational Employment Projections*.

the sector. Overall, less than one-third of ECE staff in the statewide registry have a degree beyond a high school diploma.¹⁸ One percent (1%) of practitioner registry participants had a director’s credential.¹⁹

Among staff on the statewide ECE registry as of October 12, 2022, 40% were participating at Level 1, as shown in the figure below. Level 1 participants must have at least high school diplomas or equivalent and are working in ECE settings, but do not have additional related training or education.

Figure 8. Number of registry participants by Career Path level



Post-secondary ECE graduates have high retention in the Montana labor market. ECE Associate’s degree earners have higher retention rates than ECE Bachelor’s graduates. Over 85% of ECE graduates work in Montana a year after graduation, compared to 69% retention among graduates across all programs. ECE graduates with higher levels of education also report earning more income. The income premium for bachelor’s degree attainment compared to an associate degree is 20% one year after graduation and 34% after ten years.²⁰

Figure 9. Early childhood education post-secondary workforce outcomes by degree type

Degree	1 Year After		10 Years After		Annual Income Growth Rate
	% Filing	Median Income	% Filing	Median Income	
Certificate (CDA)	96%	\$22,869	73%	\$29,605	3%
Associate degree	89%	\$24,706	81%	\$32,026	3%
Bachelor's degree	87%	\$30,213	74%	\$40,331	3%

Source: DOR, OCHE, RMC, CC, UP, and apprenticeship income data match summarized by MTDLI. Real income reported in 2021 dollars using the CPI-U. Percent filing resident or non-resident Montana income taxes.

The ECE certificate program has created an important pipeline for ECE staff to enter the workforce. Retainment in the Montana workforce one year after certification is 96%, the highest of any certification

¹⁸ Montana Early Childhood Project, Montana State University, Profile Summary Fact Sheet, Q3 2022.
¹⁹ Montana Early Childhood Project, Montana State University, ECP Quarterly Report, Q4 2021-2022.
²⁰ Amy Watson, Montana Department of Labor and Industry, *Montana Post-Secondary Workforce Report: A Report on Workforce Needs and Labor Market Outcomes of Graduates*, October 2022. <https://lmi.mt.gov/docs/Publications/LMI-Pubs/Special-Reports-and-Studies/MTCollegeReport2022.pdf>.

program in the state. However, wages for ECE certificate holders start lower than any other profession with a certification program and the income growth rate over 10 years is among the slowest in any profession.²¹

EFFORTS TO INCREASE ECE WORKFORCE CAPACITY AND STABILITY

- The Early Childhood Project, Higher Education Consortium, and DPHHS are **updating the career ladder to recognize a broader array of education, training, experience, and licensure**. These updates are in response to consistent feedback from child care staff and directors about frustration with the current structure not reflecting the diversity of training and experience that Montana’s ECE staff bring to child care programs. Expanding the combinations education, training, or experience that allows people to be hired into and move along an ECE career path will provide a pathway for increased earnings as well as increased stability in the workforce over time.
- Within this career work, ECP, DPHHS, and partners are **creating pathways for motivated individuals to move along the ECE career ladder quickly can encourage staff retention, increase wages, and improve quality**. The low starting salaries and staff retention challenges in the ECE profession make it all the more exciting for child care directors when they find skilled, motivated staff who want to move along the career ladder. However, providers are frustrated by their inability to support staff in moving more quickly up the levels in the state workforce registry, especially when it comes to being able to promote them to lead teacher and offer an associated wage increase. Providing incentives, accelerated professional development and training programs, and other opportunities for more rapid advancement through levels would support career development for motivated individuals and increase stability in the ECE workforce.
- DPHHS, CCRRs, Head Start, Raise Montana, and Zero to Five Montana are **coordinating their systems work around the child care workforce** to maximize impact and efficiency.
- Head Start and Early Head Start build **a workforce pipeline by recruiting current and former parents**. As of October 2022, over one-third of Head Start and Early Head Start staff in the state of Montana are parents who currently or previously had children attend a Head Start or Early Head Start program. Additionally, Head Start/Early Head Start programs are **braiding state and federal resources to increase staff compensation** through Federal Office of Head Start initiatives.

COST OF PROVIDING CARE

We do not have data on the true cost of providing child care in Montana.

Montana uses a market rate study to understand the advertised cost of care (fees charged to parents), from which the child care subsidy reimbursement rate is calculated (75% of the market rate, with the intention that families using subsidies would have access to 3 out of 4 available child care slots or programs²²). The market rate relies on centers and home-based providers reporting their full-time and part-time advertised rates for infants, toddlers, pre-school age, and school-age children throughout the state. Montana’s reimbursement rates are shown in the table below.

²¹ Amy Watson, Montana Department of Labor and Industry, *Montana Post-Secondary Workforce Report: A Report on Workforce Needs and Labor Market Outcomes of Graduates*, October 2022. <https://lmi.mt.gov/docs/Publications/LMI-Pubs/Special-Reports-and-Studies/MTCollegeReport2022.pdf>.

²² Bipartisan Policy Center, Early Childhood Initiative, *The Limitations of Using Market Rates for Setting Child Care Subsidy Rates*, May 2020. https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2020/06/Limitations_of_Market_Rate_Surveys_for_Child_Care_Brief_FINAL1.pdf.

Figure 10. Montana Best Beginnings Child Care Scholarship reimbursement rates effective July 1, 2021²³

	Ages 0 up to 3		Ages 3 up to 6		Ages 6 and older	
	Half day	Full day	Half day	Full day	Half day	Full day
Center	\$27.00	\$45.00	\$24.00	\$40.00	\$22.80	\$40.00
Group	\$21.00	\$35.00	\$19.80	\$35.00	\$19.80	\$33.00
Family	\$21.00	\$35.00	\$21.00	\$35.00	\$19.80	\$30.00
FFN	\$17.85	\$29.75	\$17.85	\$29.75	\$16.83	\$25.50
RCE	\$15.75	\$26.25	\$15.75	\$26.25	\$14.85	\$22.50

While market rates provide important information, they do not necessarily represent the true or full cost of providing care. Programs must charge what families can pay to fill slots, which does not usually include the full costs required to meet staff, health, and safety requirements. The 2020 Bipartisan Policy Center report cites two national studies comparing the estimated cost of infant care and the price charged to families for that care as:

Figure 11. National estimated cost of infant care compared to market rates charged to parents in center and home-based provider settings²⁴

	Cost of care	Center fee	Home-based fee
Base-level infant care	\$14,700	\$11,444 (\$3,256 below cost)	\$8,348 (\$6,352 below cost)
High-quality infant care	\$27,100	\$11,444 (\$15,656 below cost)	\$8,348 (\$18,752 below cost)

Cost of care varies by service model, but more funding does not mean higher wages or less staff turnover.

Certain models of ECE, like those that focus on family engagement, integrated health, and social-emotional development, cost more to provide. Providers that are supported by federal funds, like Head Start and Early Head Start, receive more financial support per child than is charged on average by centers or home-based providers. For example, Early Head Start in Montana receives over \$17,000 per child from Head Start²⁵, one of the highest rates in the country, and Head Start receives around \$12,500 per child.²⁶ However, despite receiving more financial support more per child, Head Start and Early Head Start staff salaries are commensurate with those of all other ECE staff in the state. A Head Start teacher in Montana is required to have a bachelor’s degree and yet makes less than \$30,000 per year on average. Low wages contribute to Montana having one of the highest staff turnover rates (over 20%) for both Head Start and Early Head Start staff.²⁷

Home-based providers face the opposite problem, with many fixed costs despite offering a different model of care and charging less on average than centers. Home-based providers are required by federal and state law to take on many of the same costs as larger centers, including insurance, adaptation of facilities to meet safety and quality standards, and training and professional development investments. However, home-based providers generally charge less than centers. Reduced requirements for home-based facilities that align with the reality of home-based providers could decrease some of these costs.

²³ <https://dphhs.mt.gov/ecfsd/childcare/ecsbproviders>.
²⁴ Bipartisan Policy Center, *Limitations of Using Market Rates*.
²⁵ Head Start and Early Head Start programs are free for families.
²⁶ Friedman-Krauss, A. H., Barnett, W. S., & Duer, J. K. (2022). *The State(s) of Head Start and Early Head Start: Looking at Equity*. New Brunswick, NJ: National Institute for Early Education Research. <https://nieer.org/states-of-head-start-early-head-start-looking-at-equity>.
²⁷ *Ibid.*

Providing shared services and discounted purchasing can decrease costs, especially for home-based providers.

Discounts negotiated for groups of child care providers can decrease the cost of care. Raise Montana provides shared and discounted purchasing for many common supplies and services needed by all types of child care providers. Currently, most discounts are for food, books, and educational supplies.

Shared services like substitute teacher placement and software licenses can improve the efficiency of child care businesses. Raise Montana provides a substitute service that any licensed child care provider can use to find qualified substitutes. Raise also offers discounted rates on child care management and family engagement software as well as on payroll services.

Pooled costs for employee benefits can improve ECE staff retention. Raise Montana provides a low-cost telehealth service that child care providers/owners can offer to their employees as an additional benefit. For home-based providers, who generally have only a few employees, the cost is \$10/month (up to 9 employees). For the largest centers (those with 20-29 employees) the cost is \$100/month. Both medical consultations and behavioral sessions are available through telehealth.

EFFORTS TO REDUCE COST OF CARE

- The **ARPA child care stabilization and innovation grants** discussed were used to support child care programs in paying part of the cost of care to stabilize the market and provide opportunities for innovative approaches to service delivery.
- Zero to Five Montana is leading work **to develop collaborative, public-private strategies to increase investment in child care**. Various community frameworks and toolkits are being implemented including child care cooperatives and child care business hubs of resources. Nine communities participated in the Community and Employer Innovations Pilot project, which brings together community stakeholders and the business community to identify sustainable solutions to expanding child care capacity and thus stabilizing the local workforce. Montana Child Care Business Connect is a statewide resource hub for employers, community members, and child care providers. Eleven communities are participating and reporting a positive impact on child care capacity.

GENERAL WORKFORCE IMPACTS OF LIMITED CHILD CARE CAPACITY

Child care availability impacts workforce participation.

The 2020 survey of Montana households with children under 6 showed that many parents are unable to fully participate in the workforce because of child care challenges (high cost of care, care availability/adequacy), specifically in the previous year:²⁸

- 62% of respondents missed time from work.
- 26% declined further education or training.
- 22% turned down a job offer.
- 15% changed from full-time to part-time work.
- 12% quit their job.

²⁸BBER, *Lost Possibilities*.

The table below shows the impacts by household type, with the most significant differences existing between households with lower and higher incomes as well as by race.

Figure 12. Child care-related work problems experienced during the past year, by household type²⁹

	Total	American Indian	White	Urban	Rural	Low 1/3 income	High 1/3 income
Missed time from work	62%	56%	64%	62%	62%	57%	69%
Declined to pursue further education or training	26%	47% ^a	24% ^a	26%	27%	38% ^a	21% ^a
Turned down job offer	22%	37% ^a	22% ^a	24%	19%	36% ^a	12% ^a
Changed from full-time to part-time	15%	18%	15%	17%	11%	24% ^a	10% ^a
Quit job	12%	27% ^a	10% ^a	12%	10%	26% ^a	5% ^a
Declined a promotion	6%	7%	6%	5%	7%	8%	5%

^a Difference significant at the 95% confidence level.

Over half of the employers who responded to the 2022 Child Care Licensing survey say that child care availability (or lack thereof) limits employee recruitment (63%) and retention (55%). Employers who invest in child care consistently cite a return on that investment, with the main benefits being “loyalty” and lower turnover, which saves employers money in training and new staff.³⁰

The chart below shows the impact of family obligations for the workforce with children under 6 on their ability to participate in the labor force over time, specifically showing the percentage of parents who left the labor force or are working part-time or reduced hours. Parent participation has improved since the height of the pandemic but remains less than pre-pandemic levels.

In 2022, an average of 22,800 Montana parents were unable to participate in the labor force due to family responsibilities and a lack of child care.³¹ An additional 45,000 Montana parents were underemployed or reported working reduced hours in 2022 – which translates to 8% of the state’s labor force.³² Parents make up a significant and underutilized segment of the state’s workforce, many of whom would like to be more fully engaged in the labor market but are limited by a lack of access to consistent, affordable, high-quality child care.

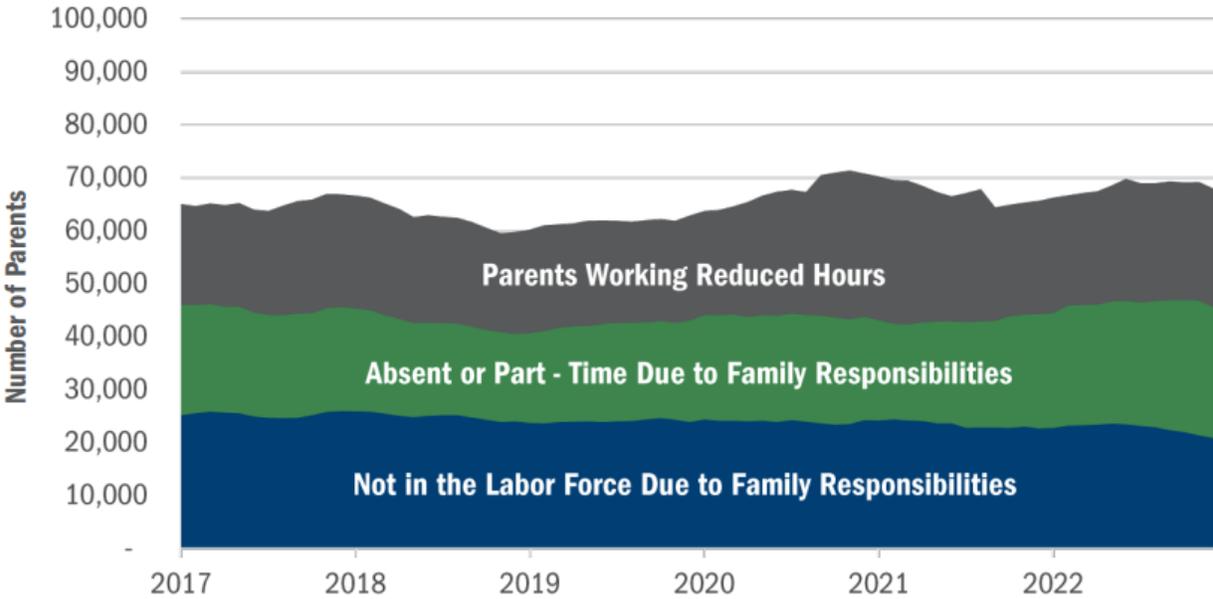
²⁹ BBER, *Lost Possibilities*.

³⁰ Kristal Jones and Kirsten Smith, *Child Care Licensing Assessment*.

³¹ Current Population Survey, IPUMS monthly extract December 2022. Number of Montana parents who were not in the labor force due to family responsibilities.

³² Current Population Survey, IPUMS monthly extract December 2022. Number of Montana parents who reported working reduced hours in the past week.

Figure 13. Impact of inconsistent child care on parent participation in labor force 2017-2022³³



Source: MTDLI analysis of Current Population Survey microdata from IPUMS through December 2022.

In total, nearly 70,000 parents were either not in the labor force, working part-time instead of full-time, or working reduced hours because they were taking care of family/ lack of child care. The number of parents unable to fully engage in the workforce has come down slightly since its peak in late 2020 but remains elevated compared to its pre-pandemic level.

The workforce landscape has changed in the last three years.

COVID-19 has changed what work looks like for some Montanans, with more remote and online work options available. Individuals who can work remotely are often choosing to work from home at least some of the time, despite workplaces reopening.³⁴ Despite these changes, parents’ child care needs are the same.

³³ MTDLI analysis of U.S. Bureau of Labor Statistics Current Population Survey, IPUMS monthly extract through December 2022.
³⁴ Kim Parker, Juliana Menasce Horowitz, and Rachel Minkin, Pew Research Center, *COVID-19 Pandemic Continues to Reshape Work in America*, February 2022. <https://www.pewresearch.org/social-trends/2022/02/16/covid-19-pandemic-continues-to-reshape-work-in-america/>.

SUMMARY OF EFFORTS TO ADDRESS CHILD CARE CHALLENGES

There are significant efforts underway to address child care challenges related to capacity, child care workforce, cost of care, and the general workforce. These efforts are collaborative across DPHHS, Zero to Five Montana, Raise Montana, Child Care Resource and Referral Agencies, the Early Childhood Project, Head Start/Early Head Start programs, the Montana Head Start Association, businesses and business interests, and others. These efforts outlined in the sections above to increase child care workforce compensation, increase professional capacity, and address/reduce the cost of providing care will collectively increase child care capacity.

