

Childcare in Montana

Supporting Montana Families and Caring for the State's Most Precious Resource

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The unemployment rate in Montana continues to fall in 2018, leaving many businesses searching for qualified applicants to fill open positions. As available workers become harder to find, and the number of good-paying jobs grows, many people wonder what is stopping every able-bodied person from working. For many, the answer is that they are in school or are retired. However, for a growing portion of the state's population, they are not working because they have family responsibilities or difficulty affording childcare. This article explores the availability and affordability of childcare in Montana, and the effect that a lack of affordable childcare has on the state's available workforce.

The Cost of Childcare

Childcare in Montana is more affordable than in other states, but is still too expensive for many families. On average, Montana families pay over \$9,000 per year for infant care, and almost \$8,000 per year for toddler care. For families at the median, childcare costs for a single child account for 11% to 13% of their family income.¹ Families with multiple young children face a larger burden. A family with an infant and toddler in childcare pays an average of \$17,000 per year for care, roughly 25% of the state's median family income – ranking Montana 17th in the nation for childcare affordability.² Care for a single child under five years old can quickly become the largest monthly expense families face.

Figure 1 shows average annual childcare costs relative to other expenses Montana families incur. Montana is one of thirty-three states where the cost of infant care is greater than in-state tuition at the state's public universities.¹ Infant care is as costly as the average rent in Montana, roughly \$750 per month, and surpasses the average cost of healthcare premiums for a healthy 40-year-old who is seeking low-cost coverage.³

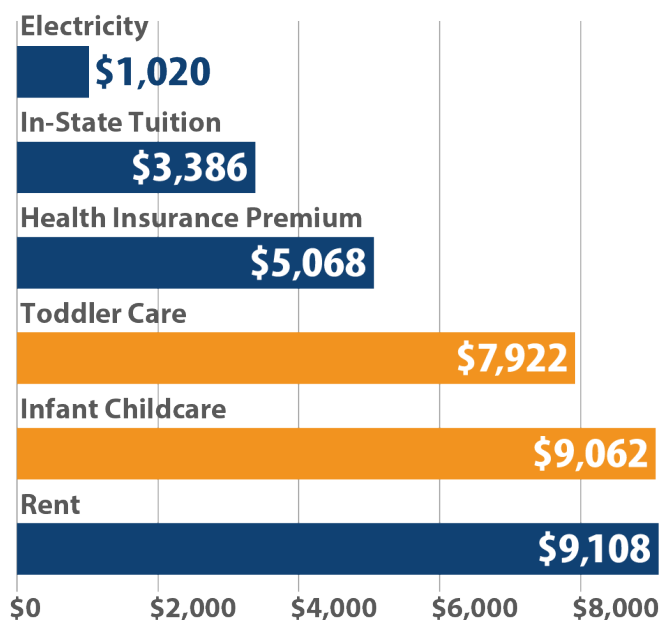
Childcare costs are particularly prohibitive for low-income households. A minimum wage worker, making \$8.30 per hour, would need to work full-time for more than half the year to pay for the cost of care for one infant. It would take a full-time job paying \$8.74 per hour after taxes to cover the cost of rent and infant care. Many low-income

¹ Economic Policy Institute, April 2016. <https://www.epi.org/child-care-costs-in-the-united-states/#/MT>

² Median family income reported by US Census Bureau 2017 ACS data.

³ Health Insurance premium costs based on 2018 average rate filings for Blue Cross, PacificSource, and Montana Co-Op of a 40-year-old individual participating in the least expensive plan living in the most expensive county.

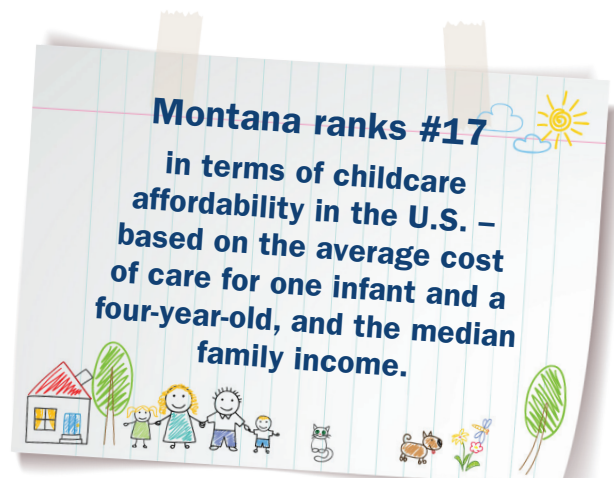
FIGURE 1.
Select Annual Expenses
for Montana Families



Source: Tuition and fees reported at MSU-Bozeman and UM-Missoula for FY17. 2018 average rate filings for Blue Cross, PacificSource, and Montana Co-Op for a 40-year-old individual participating in the least expensive plan living in the most expensive county. Rent and electricity costs reported by the 2012-2016 ACS data. Childcare costs reported by the Economic Policy Institute, April 2016.

households are single working mothers. Approximately 42% of single mothers with children under the age of five are living in poverty, meaning their earnings do not exceed \$17,000.⁴ These mothers must spend 54% of their earnings to put one infant in licensed childcare, which leaves them without enough money to cover other monthly expenses such as rent, groceries, gas, and electricity.

Financial assistance is available for low-income families in need of childcare. Families who are in school or are working and earning less than 150% of the federal poverty level are eligible for Montana's Best Beginnings Child Care scholarship.⁵ This scholarship can provide critical assistance to families who would not be able to afford childcare otherwise.



Montana Childcare Capacity Falls Short of Demand

Families that can afford care often have difficulty finding a certified childcare provider. Montana childcare facilities only have the capacity to care for about 40% of the children who potentially need care, leaving many parents relying on other family members or unlicensed providers to care for their children.⁶ Potential need is measured by the number of children who are a part of a family where all parents are participating in the labor force. **Figure 2** shows a map of the childcare capacity in each state as a percentage of the number of children who potentially need care.

There are over 45,000 children under six years old who are potentially in need of childcare in Montana.⁷ However, parents struggle to find care because childcare facilities only have the capacity to care for 20,000 children, less than half of the potential need.⁸ Montana ranks 40th in the nation in terms of childcare availability. As shown in **Figure 2**, there are only eleven states with enough capacity to meet their state's needs. Montana is one of five states that fail to meet even half of the potential need for childcare.

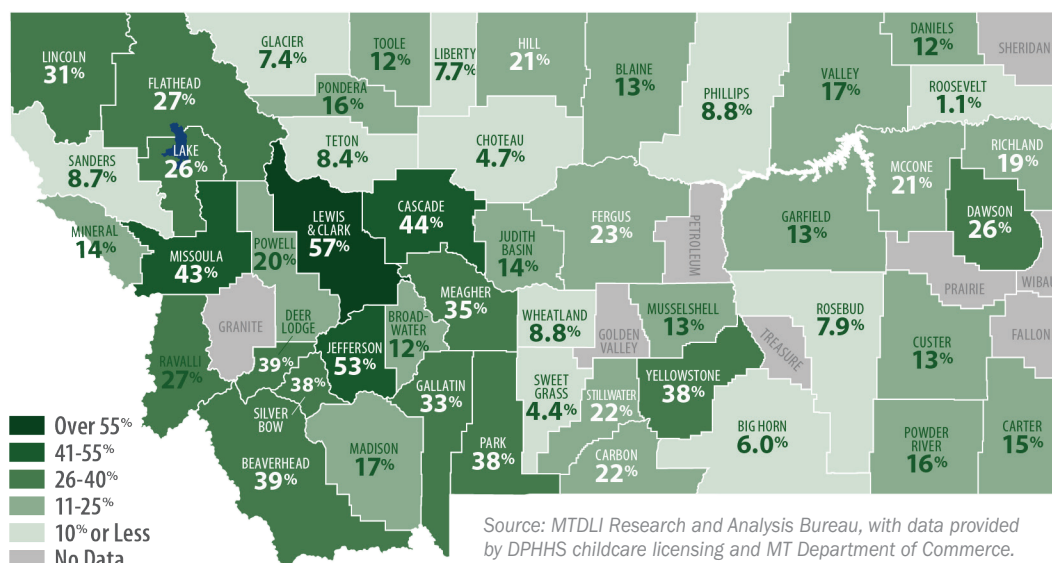
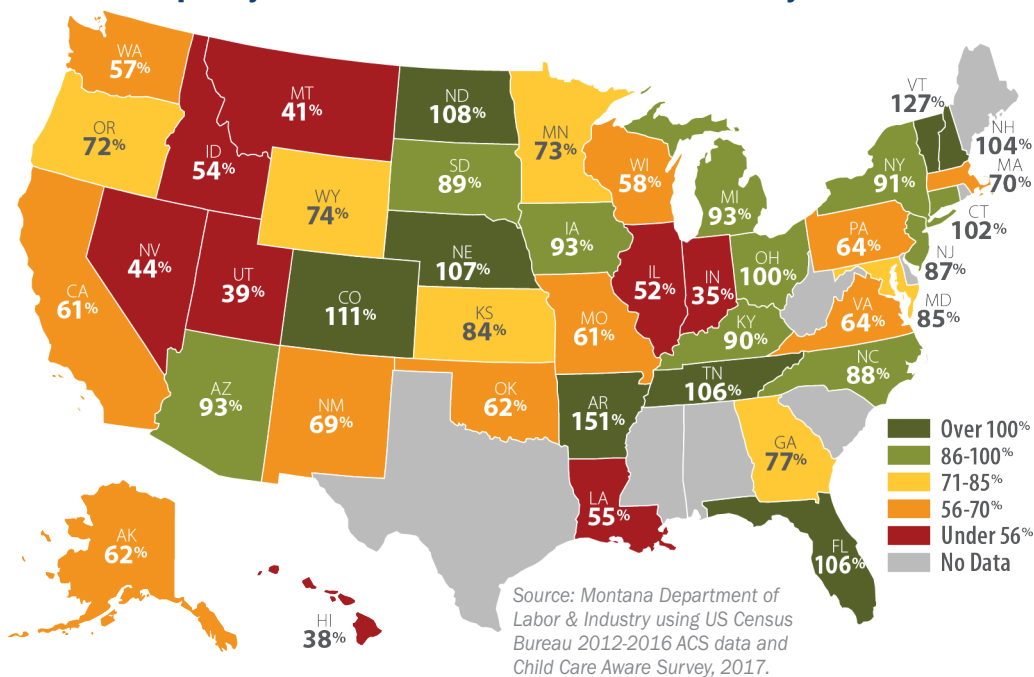
⁴ According to US Census Bureau 2017 ACS data.

⁵ For more information on the scholarship program visit <https://dphhs.mt.gov/hcsd/ChildCare/BestBeginningsScholarships>

⁶ Childcare Aware, 2018 MT Fact Sheet. https://cdn2.hubspot.net/hubfs/3957809/State%20Fact%20Sheets/Montana_Facts.pdf

⁷ Children with potential need for childcare are a part of a household where all parents are participating in the labor force according to the 2012-2016 ACS data.

⁸ Childcare capacity determined by DPHHS childcare licensing as of 9/13/18. Includes child care centers, group child care, family child care, legally certified providers, and legally certified in-home providers.



Childcare Resources and Assistance for Families

Child Care Resource and Referral (CCR&R) agencies provide referral services to families seeking childcare. They support Montana families by:

- Helping low-income families find and pay for quality childcare.
- Offering referrals to licensed and registered childcare programs.
- Provide training, technical assistance, and support for childcare providers.
- Initiate projects to build quality childcare.
- Informing policy makers, businesses, and the public on childcare issues.
- Advocating for childcare providers and for families with children.

They also determine eligibility for the Best Beginning Child Care Scholarship program for low-income families.

To find your local CCR&R, visit the Montana Department of Health and Human Services webpage at: dphhs.mt.gov/hcsd/ChildCare/ChildCareResourceandReferral.

Even in areas of the state where it is possible to find care, finding high-quality care may be challenging. The Montana Best Beginnings STARS to Quality program helps parents determine the quality of their local childcare facilities. Of the over one thousand childcare providers in Montana, 236 are a part of the STARS program. The STARS program is a voluntary quality rating and improvement system

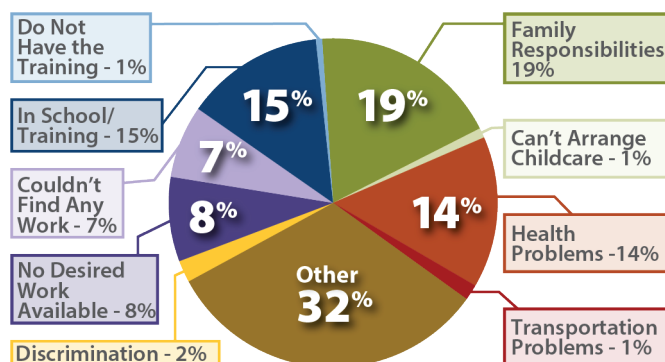
that aligns quality indicators with support and incentives for early childhood programs and early childhood professionals. There are five different STARS levels, which helps parents and caregivers determine the quality of their local childcare providers who participate in the program.

Access to Affordable Childcare Could Expand the State Workforce

Without access to affordable childcare, many Montana parents are unable to participate in the labor force. An estimated 42% of Montanans who are not in the labor force cite family responsibilities as the reason they are not looking for a job.⁹ Some of these people have chosen to stay home to take care of children or aging family members; however, others would like to work but do not have any one else to help with family responsibilities.

Figure 4 shows the primary reasons discouraged workers in Montana were not looking for work. Discouraged workers are individuals who would like to find a job but are not currently looking because they believe there are no jobs available for them or there are none for which they would qualify. Approximately 20% of discouraged workers say their family responsibilities are preventing them from finding a job, and one percent specifically cite a lack of childcare as the reason they are not looking for work. Increasing access to childcare would help these estimated 2,700 individuals enter the labor force.

FIGURE 4.
Reasons Discouraged Workers are not in the Labor Force



Source: Current Population Survey summarized in Data Ferret using twelve-month period ending in August 2018

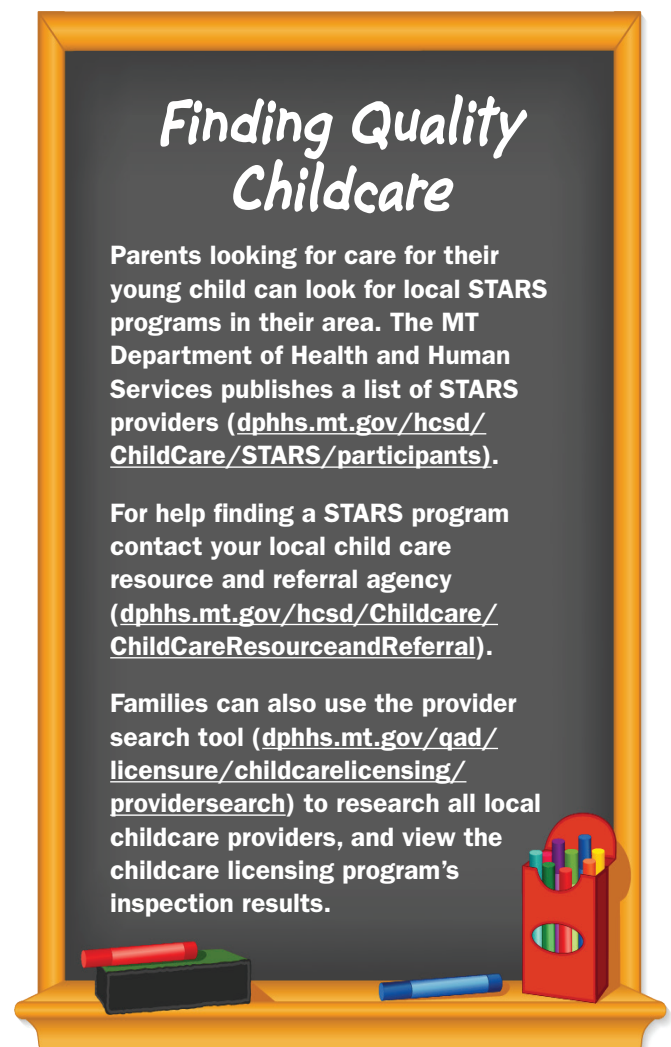
⁹ Current Population Survey using Data Ferret most recent twelve months of data.

There are also parents with young children who are working part-time and would like to be working full-time but cannot find childcare. About 4% of part-time workers wanting full-time work report childcare is the barrier to working more hours. An additional 23% cannot hold a full-time job because of family responsibilities, which includes caring for small children.⁹ Increasing access to affordable childcare would allow thousands of Montanans to engage more fully in the state's labor market – particularly mothers of young children.

While many fathers play active and loving roles in their children's upbringing, care for young children disproportionately falls to the mother. Labor force participation rates among women are lower in Montana than for men, and even lower yet for mothers. Approximately 74% of women in Montana are participating in the labor market, compared to 82% of men. Labor force participation drops to 71% among mothers with children under the age of six and falls further to 64% for women with two children.¹⁰ Many of these women may have the desire and financial stability to exit the labor force voluntarily while they raise young children. However, there are many mothers who would like to remain in the workforce, but feel they cannot due to access and affordability of childcare.

Women with young children are more likely to participate in the labor force in counties with greater access to childcare. A one percentage point increase in childcare availability is correlated with a 0.4 percent increase in labor force participation rates of women with children under six years old.¹¹ **Figure 5** shows the correlation between labor force participation rates of mothers and childcare capacity in Montana. While childcare availability is not the only determinate of labor force participation rates of mothers, the positive correlation suggests there are women with young children who would participate in the labor force if there were more childcare options in their county.¹²

Improving childcare capacity would help expand Montana's workforce, particularly in rural areas of the state where childcare capacity is especially lacking. Childcare facilities in counties with fewer than five thousand people only meet an average of 9% of demand, compared to 40% in counties with more than fifty-thousand people. The average labor force participation rate of mothers with young children in counties with less than five thousand people is 70%, compared to 73% in counties with more than fifty-thousand people. Improving access to childcare in Montana could help expand the workforce in the state's rural communities.

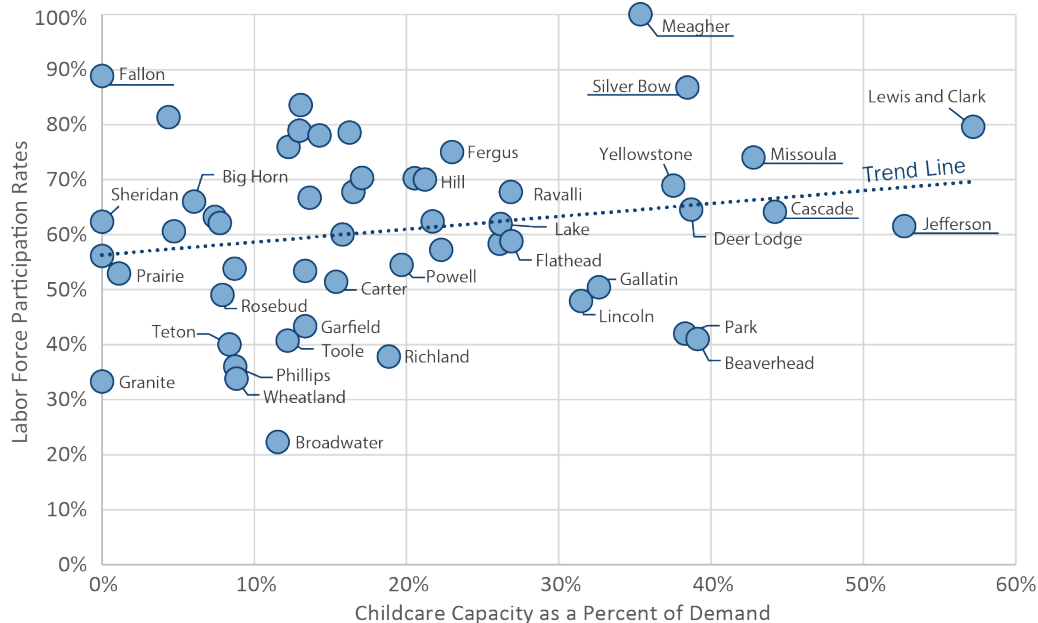


10 U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

11 Results of an OLS regression analysis, which indicates the effect of childcare availability on labor force participation rates at the mean. Statistically significant coefficient at 95% confidence level.

12 It is also possible that mothers' labor force participation rates influence childcare availability. In cities where a larger percentage of mothers working there is also a larger demand for childcare, and therefore more childcare facilities.

FIGURE 5
Childcare Capacity and Labor Force Participation Rates of Mothers
By County



Source: U.S. Census Bureau 2012-2016 ACS data. DPHHS Childcare licensing September 2018.

But Greater Access Would Require a Larger Childcare Workforce

Childcare facilities are often limited in their capacity because of a lack of qualified childcare workers. Low wages make it difficult for childcare facilities to attract qualified applicants in the face of tight labor markets. Childcare workers make an average of \$22,360 per year, compared to \$28,860 for preschool teachers and \$50,000 for kindergarten teachers.¹³ However, without an adequate supply of childcare workers, thousands of Montana parents cannot enter the workforce, thus creating an even tighter labor market and making it even more difficult for facilities to find childcare workers.

High-quality, affordable childcare can be such a blessing to children and families, offering parents peace-of-mind as they return to work, and providing children with a safe environment to learn, grow, and play. In the state's tight labor market, access to childcare is also critical to increasing the state's available workforce and promoting continued economic growth. However, childcare providers



cannot find the workers they need to expand their capacity because of the tight labor market. In the absence of available childcare, employers may need to alter their work environment to attract more parents into the labor market. Policies such as flexible work schedules and telework arrangements can go a long way to improving parents' engagement in the labor force, while also allowing them the time they need to care for their children.

¹³ Occupational Employment Statistics 2017.