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Economic Impact of Barriers to Child Care

May 31, 2023



Overview

- Research Questions
- Approach / Methodology:
 - Logic Model
 - Data Collection
 - Model Input Variables
 - COVID-19 Adjustments
- Economic and Fiscal Impact Results



Economic Impact of Child Care Barriers in Washington State

Research Questions

Measure the impact that barriers to child care has on the Washington State Economy



How do barriers to child care access in Washington State impact labor force participation

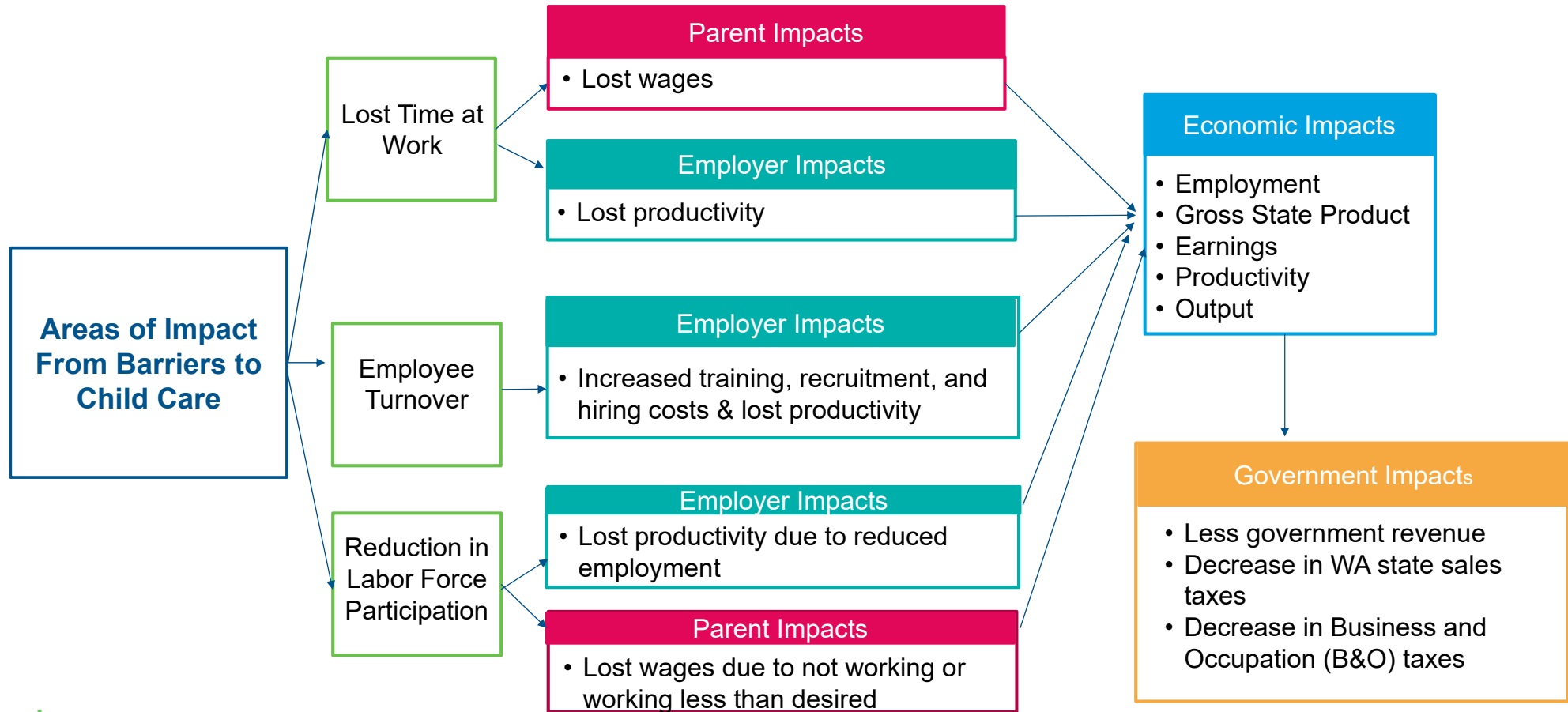
How do barriers to child care access in Washington State impact household earnings

How do barriers to child care access in Washington State impact workplace productivity

How do barriers to child care access in Washington State impact business operating costs



Economic Impact - Logic Model





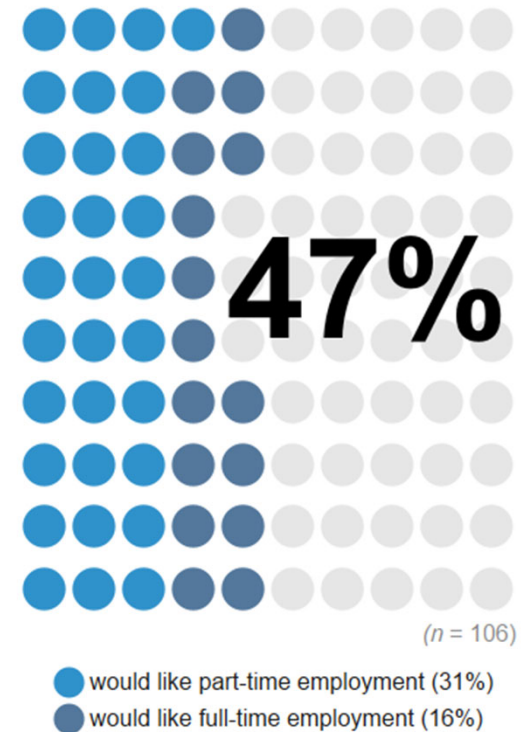
Primary Data Collection

Survey of parents in Washington State

- 1,500 parents of children ages 0-12 in Washington State responded to the survey
- The survey asked a number of questions including the challenges that parents face related to their employment and workforce participation due to child care access barriers

Parent Survey: Child Care Issues as a Barrier to Employment

- About half of job-seekers surveyed (53%) reported that child care is not an issue preventing them from obtaining employment.
- Another 31% of this group reported that they would like part-time employment but child care is an issue.
- Another 16% reported that they would like full-time employment but child care is an issue.
- Combining these two groups, child care access is a barrier possibly preventing about 47% of job-seekers from re-entering the workforce.





Parent Survey: Child Care Issues as a Barrier to Employment

Survey respondents also reported other work-related challenges due to child care issues.

- A little less than half of respondents reported that they or their spouse/partner had to take time off due to child care issues in the past 12 months.
- A little more than a third reported they had reduced the number of hours or days worked due to child care issues.
- About 18% of respondents reported that in the past 12 months they have turned down a job offer or promotion due to child care issues.



Other Data Collection

- REMI Baseline Forecast
- State Government Sources – Washington State Department of Revenue
- Public Sources:
 - American Community Survey (ACS)
 - Bureau of Labor Statistics (BLS)
 - Consumer Expenditure Survey (CES)

REMI Inputs

Impact	REMI Model Variable
Lost Time at Work	
Lost Wages	Wage Bill
Lost Productivity	Output without Employment, Investment, and Compensation
Employee Turnover	
Increased Employer Costs	Production Costs
Lost Productivity	Output without Employment, Investment, and Compensation
Labor Force Participation	
Lost Wages	Wage Bill
Lost Productivity	Output without Employment, Investment, and Compensation



COVID-19 Adjustments

- Model inputs were revised to adjust for the impacts of COVID-19.
- Since many parents were required to work from home and unemployment increased substantially as a result of COVID-19, the demand for child care reduced.
- REMI provided updates to the U.S. control forecast, based on the early impacts of COVID-19, that were used to run the impacts for this study.

Economic Impact

Barriers to Child Care Access in Washington State - Summary Economic Impact

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Annual Average 2019-2028
Total Employment (Thousands)	-161.3	-152.0	-150.4	-145.2	-136.9	-128.9	-121.8	-116.1	-112.0	-109.1	-133.4
Gross State Product (Billions of Fixed 2019 Dollars)	-39.21	-36.85	-36.82	-36.70	-35.50	-34.33	-33.26	-32.33	-31.60	-30.99	-34.8
Output (Billions of Fixed 2019 Dollars)	-64.25	-60.52	-60.32	-60.06	-58.06	-56.11	-54.33	-52.76	-51.53	-50.51	-56.8
Personal Income (Billions of Fixed 2019 Dollars)	-16.69	-14.20	-14.80	-15.16	-14.89	-14.61	-14.34	-14.13	-14.01	-13.96	-14.7



Fiscal Impact

Barriers to Child Care Access in Washington State – State Fiscal Impact (Millions of Dollars)

Tax	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Annual Average 2019-2028
Business and Occupation	-821.2	-774.2	-774.6	-772.4	-746.7	-721.3	-698.0	-677.5	-661.3	-648.0	-729.5
Sales	-343.3	-292.0	-304.4	-311.8	-306.2	-300.4	-294.9	-290.5	-288.2	-287.2	-301.9
Total	-1164.5	-1066.1	-1079.0	-1084.2	-1053.0	-1021.7	-992.9	-968.0	-949.5	-935.2	-1031.4

Economic Impact by Type

Barriers to Child Care Access in Washington State – Economic Impact Summary by Type of Impact

	Employee Turnover	Employee Turnover Percent of Total Impact	Labor Force Participation	Labor Force Participation Percent of Total Impact	Lost Time at Work	Lost Time at Work Percent of Total Impact
Employment (Thousands)	-16.5	9%	-100.8	56%	-63.2	35%
Gross Domestic Product (Billions of Fixed 2019 Dollars)	-2.3	6%	-21.3	58%	-12.8	35%
Output (Billions of Fixed 2019 Dollars)	-3.8	6%	-35.2	58%	-21.2	35%
Personal Income (Billions of Fixed 2019 Dollars)	-1.0	6%	-11.3	60%	-6.5	34%



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