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Crisis of Care

How Commodification of Childcare Creates and Exacerbates Inequality in Erie County and New York State—and What to Do About It

Introduction: A Broken System?

There is growing consensus, both in empirical research[1] and throughout popular news media[2,3,4] — especially following the onset of the COVID-19 pandemic[5] — that the American childcare system is "broken". Adherents to this position cite evidence that childcare is prohibitively expensive for most working families, as well as vastly undersupplied.[6] Researchers at the Center for American Progress (CAP) note, for example, that infant care in the U.S. costs families "an average of $11,000 per year and is more than the price of public college in 33 states"; and, in many of those states, licensed facilities only have enough collective capacity to serve one in five of their populations' infants and toddlers.[7]

Viewed from the surface, these outcomes might appear – like the emerging consensus suggests – as though they are being generated by a "broken" system that is not functioning as intended. However, digging slightly below these surficial observations reveals that they are found throughout the Global North, including in countries like England[8] and Canada[9] whose social programs for other forms of care (notably, healthcare) are much more generous than their American counterparts.[10]

Do childcare systems in all these places have the same "broken" parts that are keeping them from working as intended and delivering quality, affordable care to their nations' children? Maybe. But, from a systems thinking perspective[11] – where a system is understood as "an interconnected set of elements that is coherently organized in a way that achieves something"[12] – the likelier explanation is that childcare is overpriced and undersupplied as a result of *system design*. More precisely, even if the architects, builders, repair crews, and users of prevailing childcare infrastructure never explicitly meant to put care out of reach for so many working families, by setting the system up to treat care as a *commodity* that needs to be *purchased* on the open market, the necessary byproduct is that not everyone who needs care will have access to it. Situated in the language introduced above, a *system* of commoditized care is effectively an interconnected set of social institutions that is coherently organized in a way that creates and exacerbates various forms of social and economic inequality.

This special triple issue of *High Road Policy* uses Erie County, New York as a study area in which to explore different dimensions of inequality that are found within, and transcend, the area's childcare system. Secondary social and economic data from the U.S. Census Bureau, Bureau of Labor Statistics, and New York State Office of Child and Family Services are analyzed and brought into conversation with primary data collected from a survey of, and focus groups with, local childcare providers to highlight challenges in the industry. Special attention is paid to connections between low wages for care work, lack of capital resources for care providers, and insufficient public investments to fill revenue gaps for providers who care for children from low-income families. Along those lines, the issue sets out to quantify (a) undersupply of childcare in the study area, (b) the differences between observed childcare worker wages and local costs of living, and (c) gaps between true costs of care and the public subsidies that aim to cover childcare expenses for low-income families (i.e., the predominant U.S. policy measure to "fix" the "broken" system[13]). Synthesizing findings from those exercises paints a partial picture of harms created by and within the existing, commodified childcare system. That picture acts as a springboard from which to launch into a discussion of what a fairer, more equitable and inclusive childcare system might look like in Erie County and New York State, and how participants in that system might begin building it. One concrete opportunity to that end is arguably to broaden an existing proposal for a New York Health Act,[14] which has considerable support, into a more comprehensive New York Care Act.

The next section unpacks some of the established reasons for – and broad consequences of – the initial and ongoing commodification of childcare. It then pivots to a description of the study area and origin of this project. Subsequent sections then (a) describe the data used in the investigation, (b) present key findings from various analyses, and (c) interpret and discuss those findings with an eye toward policy implications and next steps. At bottom, this special triple issue of *High Road Policy* finds that *the childcare system is not broken. It is working as any system of market allocation is intended to operate – by ensuring that families with the greatest willingness and ability to pay for the commodity of childcare receive it, while leaving scores of working families behind.* Consequently, the system does not need to be reformed. It needs to be meaningfully transformed. The issue concludes by offering realistic possibilities for beginning that process of system transformation in the here and now.

Context

The following subsections provide key, but purposively abridged, background and contextual information on (a) why childcare is treated as a commodity, (b) who is harmed by and benefits from such a system, and (c) why Erie County, NY offers an instructive case study for exploring these dynamics.

The Commodification of Care and Inequality by Design

The evolving commodification of childcare is a complex, path-dependent phenomenon that is subject to ongoing (re)theorization by social scientists from multiple disciplines, including especially feminist geographers and economists[15,16] and early childhood education specialists.[17,18] Readers who are interested in deeper engagements with such work might begin with a concise book like Guy Robert-Holmes' and Peter Moss' recent title, *Neoliberalism and Early Childhood Education*, which "trace[s] the origins of neoliberalism…[and] meticulously analyze[s] how neoliberalism gradually pervaded many societal domains, including education in general and early childhood education in particular."[19]

Rather than attempting to encapsulate the intersecting debates in this voluminous literature, context for the present study is established by drawing on The Care Collective's (TCC's) 2020 manifesto,[20] which drives straight to the heart of the matter. Namely, according to TCC:

> *The crisis of care has become particularly*

acute over the last forty years, as governments accepted neoliberal capitalism's near-ubiquitous positioning of profit-making as the organizing principle of life. It has meant systematically prioritizing the interests and flows of financial capital, while ruthlessly dismantling welfare states and democratic processes and institutions. As we have seen, this kind of market logic has led to the austerity policies that have significantly reduced our ability to [provide care for one another].[21]

For commons scholars David Bollier and Silke Helfrich, this market logic – the organizing of social life around profit-making – treats [child] care as "unproductive" labor that occurs outside of the "productive" economy (i.e., those economic activities that get counted in measures like the Gross Domestic Product). Consequently, care is positioned as the primary responsibility of the individual household, not of society, the state, or the economy. In economic jargon, childcare is thus "externalized" – it does not factor into the cost-benefit calculus of firms or employers when they are deciding on profit-maximizing strategies, because society has essentially come to agree that care is not the productive economy's expense to bear (whether in full or in part).[22]

Yet, if workers with children need access to childcare so that they may supply their labor to enterprises in this so-called "productive" economy, thereby creating value for society at large, then how did this tacit agreement that individuals bear sole (or at least primary) responsibility for securing their own care services come to be? As before, this is a highly complex topic that cannot be done justice in this space. Once again, however, TCC's manifesto is instructive for pushing forward: *"Care has long been devalued due, in large part, to its association with women".*[23] Women's systematic exclusion from the "productive" labor force for much of American economic history, and their de facto roles of homemakers and caregivers that co-evolved alongside that exclusion, allowed male-dominated, heteronormative social institutions to deeply embed and perpetually reinforce the idea that childcare is squarely in the domain of the household. Care happens at home, is performed by [female] members of the household, and therefore it does not get in the way of profit-making in the productive economy.

The above is a long way of saying that the prevailing system of childcare was built on assumptions that households have "free" supplies of care at home – in the form of adult female household members – and that these supplies were and would remain inexhaustible. Although faulty from the outset, the flaws in these assumptions became all the more evident as women began joining the "productive" labor force at increasing rates in the 1960s and 1970s. Toward the end of the 1970s and the start of the 1980s, women's labor force participation surpassed 50 percent for the first time – just when neoliberal ideology and austerity politics, personified by leaders like Ronald Reagan in the U.S. and Margaret Thatcher in the U.K., began exercising their lasting, vice-like grip on nations across the Global North.[24]

In the U.S., this ideological shift gave rise in the late 1970s and early 1980s to the infamous "personal responsibility" narrative, wherein individuals are assigned full responsibility for their life and household outcomes, good or bad. This normative mental model and others like it rapidly diffused through American culture and social institutions, leading to the demonization of welfare and other forms of public assistance, the stigmatization of persons who depend on those services, and the privatization of as many erstwhile public services as possible (thus transitioning toward a "small government"). The market, it was (is) said, allocates scarce resources more efficiently than the public sector.[25,26]

Embedded in this environment, the growing need for childcare that accompanied higher labor force participation among women, and the increasing marketization of all aspects of social life, led to the rising commodification of childcare. Care gradually became another household expense – another "personal responsibility" that working families needed to pay for if their adult members were going to work hours that left them unable to use up their "free" supplies of care at home.

These dynamics combine to generate demand for third-party childcare that needs to be matched, to some degree, with a supply. But, because working families have primary responsibility for "buying" childcare, the "price" of care needs to be set at levels that are at least somewhat accessible to working households. As any introductory economics textbook ought to reveal, one way to keep the price of a "commodity" relatively low is to minimize the costs of producing it. For care work, the most important input variable, or production cost, is labor – that is, the wages paid to *people* who provide care. To the extent that a firm's imperative in a market economy is to "grow or die" (i.e., turn a profit or cease operations), commodified, market-based childcare providers face intense pressure to pay workers low wages and withhold costly benefits (e.g., employer-provided healthcare) in order to keep "production" expenditures to a minimum, which allows them to charge prices that are in reach of their "customers". The result is that "care jobs created by markets are not only badly paid, but usually relegated primarily to women, immigrants, and nonwhite minorities."[27]

In this analysis, commodification of care not only harms the working families who need to spend their earned income to purchase care; it also exacerbates racial, gender, and economic inequality by providing inadequate compensation and benefits to care workers who are disproportionately members of historically marginalized groups. What is more, commodified care is never fully accessible to everyone. As observed above, empirical studies estimate that many states in the U.S. only have enough space at licensed childcare facilities to accommodate one in five children.

The immediate implication is that *most* households that wish to obtain care at a licensed facility are unable to access such care simply as a matter of supply. Many more are unable to access care as a matter of ability to pay. Concerning this point, in addition to there being too little capacity at licensed facilities, prices are often too prohibitive for all but the most financially stable working families (thereby making the financially secure the target "customers" for commodified care). In the U.S., the main public program to increase accessibility to care for less secure and low-income families is the federal Childcare and Development Fund (CCDF), which provides a subsidy to bridge the gap between what a low-income family can pay for care and what providers charge that family for care. However, the program "reaches only one in seven eligible children, and many families who need support paying for childcare do not meet eligibility criteria."[28] In other words, the program is woefully insufficient.

At the same time, as survey data will later demonstrate, the value of the subsidy almost never covers providers' actual costs of care, which makes caring for subsidy-receiving children a net loss endeavor at most childcare establishments. Still, providers in higher-wealth communities are often able to charge higher prices, which more affluent local families are willing and able to pay, and which, in turn, allow the providers to pay their workers higher wages and invest more heavily in their facilities and their quality of care. Such investments translate into higher employee satisfaction and retention, increased demand for services, and, often, wait lists and the attendant ability to raise prices (and revenues) over time. Meanwhile, providers in lower-wealth communities tend to pay their employees sub-living wages (by necessity), experience high employee turnover, lack the means to invest in capital improvements or other upgrades, regularly lose money in the form of CCDF subsidies that fail to cover their true costs, and face an almost constant threat of shutting down. In these respects, childcare mimics the "success to the successful" dynamics that characterize the broader market economy: *firms with the largest capital reserves and closest proximity to wealth thrive, while under-resourced establishments in more distressed geographies struggle to remain alive*.[29]

Allowing competitive market dynamics to govern who gets access to quality care (the wealthy) and who does not (most everyone else) raises fundamental questions of fairness. Uneven provision of care is one of the main drivers of educational attainment gaps between the rich and poor, which carry lifelong implications.[30] The CCDF subsidy program is a clear acknowledgement of the need for public intervention in the American childcare "marketplace"; but, as previously noted, and as affirmed in data analyses that follow, the existing subsidy is both too small in magnitude and too narrowly distributed. Likewise, consistent with critiques of related household-level subsidy programs in England, "the current approach… means that the [government] is significantly subsidizing the private sector."[31]

Whereas the above critique is directed at U.K. government subsidies which frequently pay for low-income children to attend large, for-profit care centers, it holds in the U.S., albeit in a different form. Namely, as hinted at earlier, childcare is "utterly indispensable to the functioning of the economy, including 'productive labor.' No civilization could function without care activities."[32] From this vantagepoint, one can argue that spending government funds for *some* (recall that only about one in seven eligible children receive subsidies) low-income children to attend care facilities – where workers are probably receiving sub-living wages – acts as an indirect subsidy to the firms that employ those children's parents or guardians. Without CCDF subsidies, the labor of many subsidy recipients would presumably become unavailable, or at least less available, to their employers.

The foregoing, necessarily abridged overview of the nature and dynamics of the commodified American childcare system uncovered at least five vital claims about that system that demand further consideration and exploration:

1. As a scarce "commodity" that needs to be purchased on the open market, [licensed] *childcare services will never be universally accessible*;
2. By historically positioning care work as "free" or "unproductive" labor to be performed at home, care work has become permanently undervalued, such that *childcare jobs are characterized by precarity and appallingly low wages;*
3. Low-wage *care work is gendered and racialized*;
4. The *premier public sector program to "fix" the "broken" childcare system* – household-level subsidies to low-income families – *is drastically underfunded, too targeted in nature, and*, by operating on the demand (households) and not the supply (providers) side, *reinforces status quo levels of quality and capacity instead of pushing them upward over time*;
5. There is a *mismatch between the distribution of childcare costs*, which are borne almost entirely by individual households, *and the distribution of childcare benefits*, which extend well beyond the families receiving care (most notably, workers whose children receive reliable care are critical to the labor supply, economic production in society, and the economic interests of their employers).

To further excavate these claims and add new empirical evidence to the discourse, the remainder of this triple issue summarizes a case study of the childcare workforce, the costs of care, and the adequacy of CCDF-supported childcare subsidies for low-income families in Erie County, New York.

Study Area: Erie County, NY

Home to the state's second largest city of Buffalo, Erie County (EC) is situated on New York's western edge, adjacent to Lake Erie. After reaching a peak of just over 1.1 million residents in 1970, EC lost population for four consecutive decades, bottoming out at roughly 919,000 residents in 2010. Following that point, U.S. Census data recorded a net increase of almost 40,000 persons from 2010 to 2020, with the population projected to continue rising for at least the next decade.[33]

EC's recent growth and population change have been accompanied by rising concerns about economic security. In a study of housing cost-burden and tenant exploitation conducted in 2020, researchers from Cornell University and SUNY Buffalo State found that nearly half (48%) of households in Erie County meet federal government definitions of "low-income" after accounting for family size and family (as opposed to total household) income.[34] In a 2021 follow-up to that investigation, the same researchers found that increases in housing costs have far outpaced inflation-adjusted increases in workers' wages in the Buffalo-Niagara region since at least 2012. Throughout most of EC, single-family home prices grew three- to four-times faster than wages since 2012, with most multi-family prices rising four- to six-times faster than local wages during that interval.[35]

As a household's affordability gap – measured by the differential rates at which wages and housing costs increase – widens over time, it loses the ability to pay for other "commodities", including childcare. Thus, the patterns taking shape in EC have concerning implications for the extent to which working families with (or considering having) children will be able to afford childcare in the near future.

COVID-19 offered a window into the difficult calculus involved in such decisions. When care centers were swept up in widespread economic shutdowns, many parents and guardians opted to unenroll their children rather than continue to pay for a slot in childcare programs (decisions that were undoubtedly influenced by sudden decreases in household income). When programs were able to reopen, those providers that survived found that their costs of care increased as they now had (have) to comply with new health and safety measures – including higher cleaning standards and taking on fewer children to enforce social distancing. Parents and guardians (reasonably) tend to resist having those costs passed onto them.[36] At least one study in North Carolina found that drops in childcare enrollment have been somewhat durable, continuing into the later stages of the pandemic, as parents and guardians have not yet re-enrolled children at pre-pandemic rates.[37]

Recognizing these and related issues in EC, the County government acted to empanel an emergency Childcare Task Force made up of local providers, County officials, researchers and policy experts, and other stakeholders. Although the Task Force embraced its charge to devise strategies for navigating childcare providers and working families through the pandemic, it intentionally adopted a wider scope and future-oriented lens that looks beyond COVID-19 and aims to permanently transform the local (if not state and national) childcare system. Of particular interest to the Task Force at the outset of its work was the relationship between prevailing subsidy levels for low-income families and providers' true costs of care. The remaining sections of this issue describe, present, and discuss findings from a case study that simultaneously contributed to the work of the EC Childcare Task Force and generated new empirical evidence with which to understand the harms associated with commodified childcare.

Data and Objectives

Recall that five specific claims about the prevailing, commodified childcare system were flagged for further consideration and deeper empirical investigation. Insofar as this issue seeks to (1) generate a detailed, data-driven profile of childcare work(ers) in Erie County (EC) and (2) quantify discrepancies between costs of care and existing subsidy levels, the five claims developed above provide a convenient and appropriate framework for guiding the project's data analyses. Specifically, engaging with each claim, the analyses herein:

1. Evaluate the (mis)match between supply and potential demand for licensed childcare;
2. Compute the effective wages of childcare workers and compare them to both typical and "living" wage levels in the

study area;

3. Enumerate the racial-ethnic and gender composition of the childcare workforce to determine if it is representative of the broader study area population;
4. Generate rough estimates of the typical costs of care per child for local providers and compare those costs to prevailing subsidy levels that are meant to cover care costs for low-income families; and
5. Explore the occupations and employment arrangements of workers determined to be likely candidates for needing care services, to gain a sense of the industries (and employers therein) who receive indirect benefits (in the form of available labor) when supply of childcare is well-matched to likely demand.

To carry out these objectives, the author collected, synthesized, cleaned, and analyzed data from four sources:

- The latest (2016-20) Five-Year U.S. Census Bureau American Community Survey (ACS) Public Use Microdata Samples (PUMS);
- The Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) (current through the third quarter of 2021 as of this writing);
- The New York State (NYS) Office of Child and Family Services (OCFS) open data list of licensed childcare providers (last accessed on 9 May 2022); and
- A geographically and programmatically representative sample of 234 licensed childcare providers in Erie County.

Concerning the former, ACS PUMS data provide rich information on a person's employment, occupation, demographic, socioeconomic, and household characteristics. To protect individual privacy, these detailed person-level records are anonymized and made available at units of analysis called Public Use Microdata Areas (PUMAs). At present, there are 145 PUMAs across NYS drawn in ways that attempt to respect most major city and county boundaries, while preserving respondent anonymity.

Tapping into the richness of ACS PUMS data comes at the cost of currency. Because it takes substantial time to collect, process, clean, and publish all the data asked for by the American Community Survey, ACS PUMS data are always published on a delay. Moreover, to provide researchers with sufficient numbers of records to produce representative samples for statistical analyses at the PUMA level of analysis, the Census Bureau pools multiple years' worth of responses together and publishes PUMS data for five-year time periods.

The product of these observations is that the most recent PUMS data available at the time of this writing were collected from 2016-20 (that is, the data used herein come from the current Five-Year U.S. Census ACS PUMS data for 2016-20).[38]

Running in the opposite direction of the PUMS data, the BLS QCEW offers currency without much context. The BLS provides frequently updated (quarterly and yearly) counts of the number of employees in a given industry (e.g., child day care services), as well as the number of establishments and annual average wages in that industry. Such data are useful for understanding how a workforce changes in size over time – and, given the frequency with which they are updated, BLS data allow for initial observations regarding COVID-19's impact on the childcare industry in Erie County through the third quarter of 2021.

As part of a statewide open public data initiative, NYS OCFS publishes regularly-updated lists of licensed childcare providers. The current list includes both the geographic location of each licensed facility and that facility's total (licensed) capacity. Such data are critical for estimating the supply of licensed childcare in EC and throughout New York State.

Whereas the former three sources represent secondary data maintained by public agencies, the fourth source is a survey (and supporting focus groups) of licensed EC childcare providers. At the time the survey was undertaken in the winter of 2021, there were 499 licensed providers in EC – 188 (38%) of which were Family Day Care (FDC) or Group Family Day Care (GFDC), and 311 (62%) of which were Day Care Centers (DCC) or School-Aged Childcare (SACC) providers. In direct collaboration with the EC Childcare Task Force, a Cornell-based research team designed an Internet- (Qualtrics-) based survey instrument that was distributed to an email list furnished by the Task Force that included contact information for all licensed providers. The Task Force and its members sent multiple formal and informal reminders to providers asking them to complete the survey. Recipients of the survey invitation email were informed that they would each receive a $25 Target gift card for completing the survey. The communications and incentives used by the research team yielded 234 usable responses, for a response rate of 47%. The sample included 92 FDC and GFDC providers (39%) and 142 DCC and SACC providers (61%), essentially the exact proportional breakdown of provider types in the target population. Further, the sample was highly geographically representative, including respondents across EC's rural-to-urban gradient.

Drawing on these datasets, the author performed various analytical operations to generate a data-driven profile of the EC childcare system, informed by the five claims (and corresponding research objectives) described above. The next section presents the results of those activities.

Findings

The first two subsections below take up objective #1 from above, enumerating the (mis)match between supply and likely demand for childcare in the study area. The third subsection turns to objectives #2 and #3, by computing effective wages (objective #2) and demographic characteristics (objective #3) of childcare workers in the study area – and comparing that information to analogous information for the remainder of the workforce (in Erie County and New York State). The fourth subsection presents key findings from analyzing data obtained through the survey of licensed childcare providers. In doing so, it attends to objective #4, estimating the typical gap between providers' true costs of care and current childcare subsidy levels for low-income working families. The final subsection relates to findings from exploratory analyses geared toward objective #5, building an understanding of the workers who are likely to need childcare services and, in turn, the industries in which employers benefit from household-level expenditures on childcare (as well as publicly-funded childcare subsidies for low-income working families). Where it is possible and relevant, analyses are performed for Erie County (EC) and New York State (NYS), to situate local findings within statewide patterns and trends.

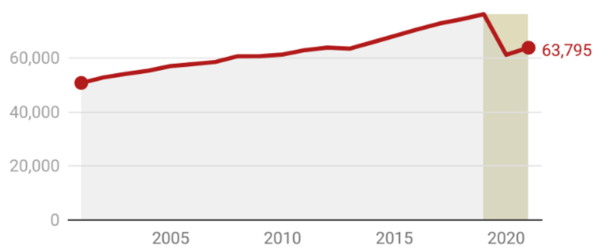
Industry Profile: Child Day Care Services

For roughly two decades prior to the COVID-19 pandemic, employment in Child Day Care Services establishments (North American Industrial Classification Code 6244) in NYS was increasing at about 2.1% per year. Bureau of Labor Statistics (BLS) data show that in 2001 there were just under 51,000 employees working in approximately 4,000 child day care establishments across the state. By 2019, those numbers had grown to a high point of 76,200 workers in almost 6,020 establishments.

Although it is too early to say exactly how the pandemic will impact the NYS childcare industry in the long-term, in the short run, much of the steady employment growth of the last decade was undone in equally rapid fashion by COVID-19 and ensuing economic crises. Final BLS figures for 2020 reported just 61,166 workers in 5,929 child day care service establishments in that year – a year-over-year loss of more than 15,000 jobs (-20%), essentially erasing ten years of growth and putting the industry back to 2010 employment levels.

That being said, whereas year-end (annual average) data for 2021 are still not available at the time of this writing, child day care services employment levels in NYS for the first three quarters of 2021 have been released. In the first quarter of 2021, childcare employment ticked up to roughly 63,500 jobs (up from the 2020 year-end tally of 61,166). By the second quarter, employment in the industry reached 64,674 jobs. However, the third quarter recorded a slight drop, to 63,210 jobs. Thus, the three-quarter average employment for the first nine months of 2021 was 63,795 jobs. In that vein, while the industry appears to be slowly regaining jobs lost to COVID-19, employment in NYS childcare is still only at about 80% of pre-pandemic (2019) levels.

Employment in Child Day Care Services in New York State 2001-2021*



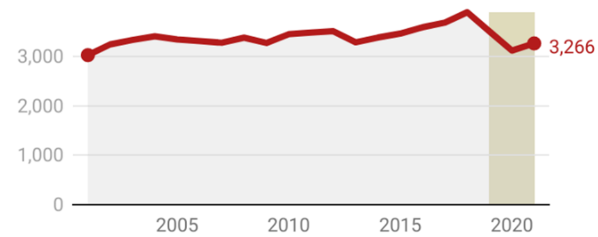
Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created.

Highlighted area shows initial effects of the COVID-19 pandemic.

Chart: Russell Weaver, Cornell University • Source: Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) Series SMU36000006562440001 • Created with Datawrapper

The situation in EC shows echoes of these statewide trends, but with two notable exceptions. First, whereas childcare employment in NYS experienced steady growth for almost two consecutive decades, the number of jobs in child day care services in EC fluctuated up and down – staying between 3,000 and 3,500 – for almost a decade-and-a-half from 2001 through 2015. Then, beginning in 2015, employment in the industry rose quickly, reaching a high point of 3,897 jobs in 2018. The second key difference between NYS and EC is that childcare employment in the latter area began to fall *before* the COVID-19 pandemic. After reaching is peak of almost 3,900 employees in 2018, the number of childcare jobs dropped by 10%, to just over 3,500 in 2019. The pandemic then exacerbated that initial downward pressure – the industry recorded a year-over-year loss of almost 400 more jobs (-11% relative to 2019) from 2019 to 2020. While early data (three-quarter average) for 2021 are showing signs of partial recovery from COVID-19 – with about 140 jobs gained between 2020 and 2021 – the industry remains at about 80% of the peak employment levels it recorded in 2018.

Employment in Child Day Care Services in Erie County, 2001-2021*



**Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created.*

Highlighted area shows initial effects of the COVID-19 pandemic.

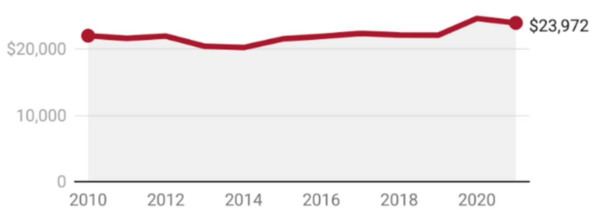
Chart: Russell Weaver, Cornell University • Source: Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) Series ENU36000105812113 • Created with Datawrapper

The preceding trends in childcare employment in NYS and EC suggest that if care services were not already undersupplied before the pandemic, they almost certainly are now. A contracted and slow-to-recover childcare workforce means fewer individuals providing care services, which, in turn, means that fewer children are receiving such services.

Prior to moving on, note that one potential reason why the childcare workforce is slow to recover jobs lost to COVID-19 (and, in EC's case, jobs lost in the year *before* the pandemic), despite fast-recovery and pressure to return to work in many other sectors, is the industry's shockingly low wages. While more will be said on wages in later sections, the BLS data queried here offer a quick glimpse of changes in annual average wages for employees in working in child day care services establishments. The graph on the next page shows that, as was the case throughout the economy, average employee wages in EC childcare experienced upward pressure during the pandemic, growing from $22,104 to $24,644 between 2019 and 2020 (after adjusting for inflation). However, data from the (average of the) first three quarters of 2021 show that mean wages are again falling, having dropped to $23,972 in 2021 dollars. The implication is that jobs gained over the past year pay below-average wages – they are low-wage jobs. By contrast, the average wage for all jobs in EC continued to inch up from 2020 through the third quarter of 2021 – clocking in at almost $58,300. Compared to that figure – again, the average annual wage for all jobs in EC – it is evident that childcare in EC is low-wage work. The average wages in the industry are just two-fifths of average wages in the countywide economy.

Annual Average Wages for Employees of Child Day Care Services Firms in Erie County, NY*

in December 2021$



Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created BLS QCEW data exclude "proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers". For this project, these exclusions mean that most at-home providers are not included in the totals.

Chart: Russell Weaver, Cornell University • Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment & Wages, Series ENU360295056244 • Created with Datawrapper

Licensed Childcare Provider Capacity

According to open data from the New York State (NYS) Office of Child and Family Services (OCFS),[39] there were 15,068 licensed childcare providers throughout the state as of early May 2022. OCFS records show that, combined, those providers are licensed to care for 643,601 total children. In EC, OCFS reports 484 providers that are licensed to care for 28,299 children (NOTE: between the December 2021 provider survey conducted for this project and May 2022, the number of licensed EC providers represented in the OCFS dataset decreased from 499 to 484).

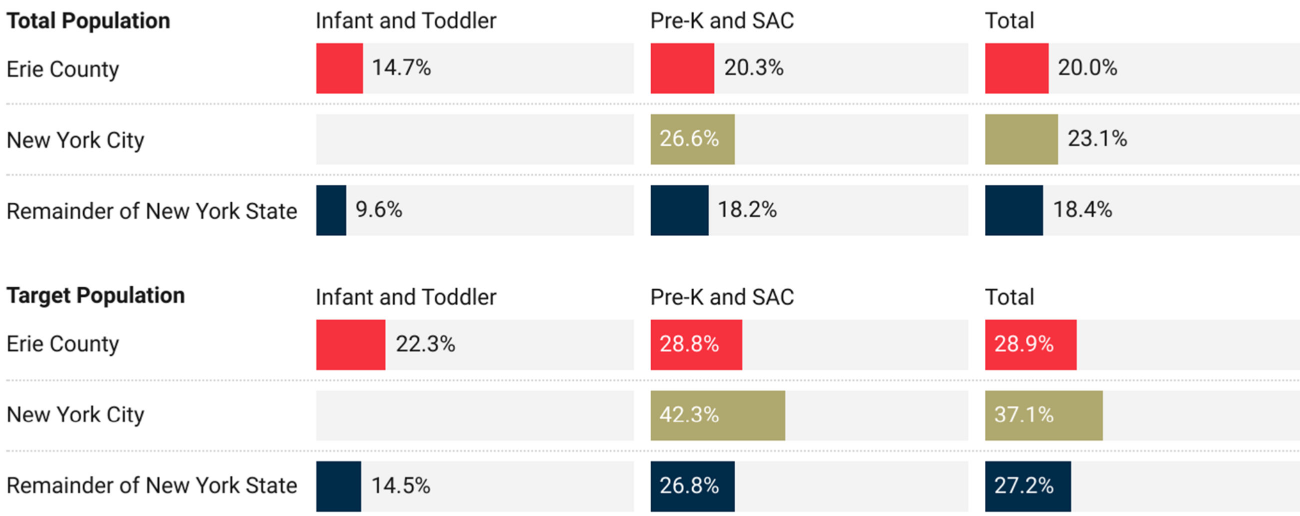
Calling back to the first objective of this analysis, how well-matched is this supply of licensed care to demand?

Answering that question is complicated by the fact that no data exist showing how many households demand, or wish to access, licensed childcare services. To overcome this obstacle, prior research has compared the total capacity of licensed care facilities in a place to the total population of children in the age groups served by those facilities.[40] This subsection adopts, and meaningfully extends, that approach, by comparing licensed provider capacity not only to relevant total child populations, but to what is termed herein relevant "target" child populations. Concerning the latter, *target child populations* are defined as all children who (a) are in the age ranges served by licensed providers (infant to 13-years-old[41]) and (b) live in households where all the adult members of the household are employed and working. Both populations – total and target – can be determined from person- and household-level records in the U.S. Census American Community Survey (ACS) Public Use Microdata Samples (PUMS) datasets.

Affirming findings from the Center for American Progress (CAP), licensed care facilities in NYS only have enough capacity to serve one in five children in the overall population. More precisely, recall that childcare providers in NYS are licensed to accommodate 643,601 children between zero and 13 years of age. Across the state, there are roughly 3.14 million children in those age groups, meaning that the current supply of licensed childcare only covers 20.5% of the total population. Zooming into the target population, there are 2.05 million children in NYS who live in households where all the adult members work. Thus, even for this subset of the total population, NYS is severely under-capacitated, able to accommodate just 31.4% of the target population. The figure on the next page breaks these numbers down for three selected geographies: (1) Erie County, (2) New York City [i.e., Bronx, Kings, New York, Queens, and Richmond Counties], and (3) the remainder of the state (for lack of a better term, the rest of "upstate" New York). It further breaks the data out by two selected age groups: (i) infants and toddlers, age zero to three years, and (ii) pre-Kindergarten ("pre-K") through school-aged children ("SAC"), age four to 13 years. Note that

% of Total and Target* Child Populations that Can be Served by Licensed Child Care Providers in New York State

By selected geographic areas and child age groups



**The "target" population is defined as children living in households where all adult household members are employed and working. Infants and toddlers are defined as children under 5-years old. Pre-K and SAC (School-Aged Children) are defined as children between 5- and 13-years old. Capacity data for infants and toddlers in the five New York City counties are not available from the NYS OCFS.*

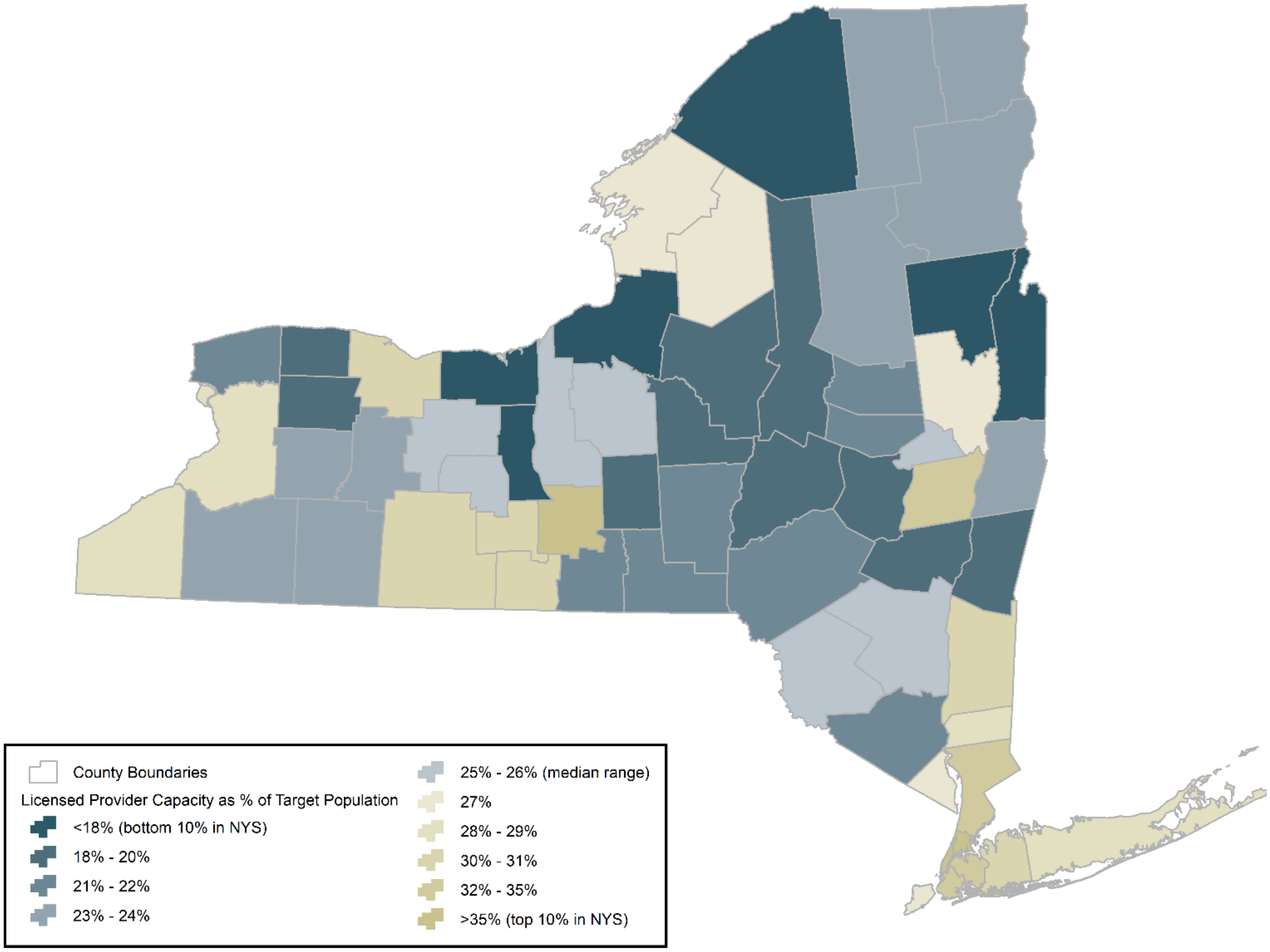
Chart: Russell Weaver, Cornell University • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20 and NYS OCFS Licensed Provider Data • Created with Datawrapper

data on infant and toddler capacity for the five New York City Counties are not available in the OCFS public dataset.

Compared to NYS as a whole, which has enough capacity to serve 20.5% of the total childcare population and 31.5% of the target population, EC's licensed care capacity appears somewhat low. EC providers are licensed for enough slots to serve just 20.0% of the total population and 28.9% of the target population of children. However, the preceding graph makes clear that the statewide mismatch between supply and demand is influenced by New York City (NYC), which has above-average levels of licensed care. Removing NYC from the analysis reveals that, relative to the rest of upstate, Erie County's paltry supply of licensed care (vis-à-vis potential demand) is actually in the upper end of the distribution. Put another way, insufficient supply of licensed care is a statewide issue. The map at the top of the next page adds geographic precision to this claim, where county-level OCFS data on total capacity are merged with ACS PUMS data on the size of each area's target population. As intimated in the preceding graph, Erie County falls in the upper half of the distribution. Still, the County's providers only have license to accommodate [fewer than] three in ten children whose adult household members all work.

Occupational Profile: Childcare Workers

U.S. Census ACS PUMS data allow analysts to study persons who self-identified as "Childcare Workers" to the Census Bureau when asked about their employment. There are 3,394 such persons represented in the most recent PUMS dataset for EC, roughly the same magnitude as the BLS childcare employment data summarized earlier. Of these self-identified childcare workers,

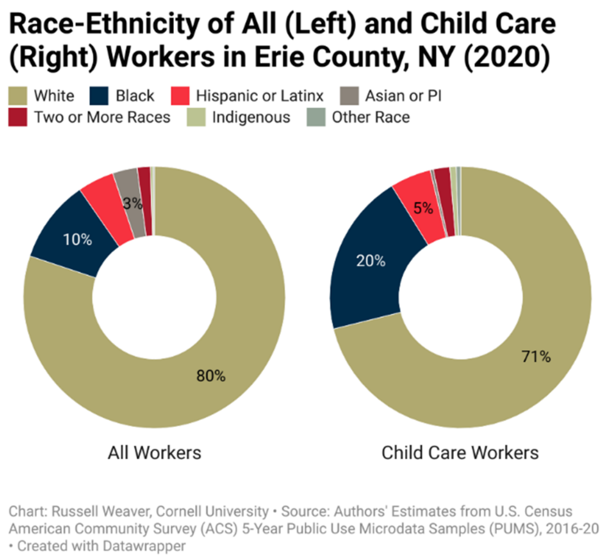


84% claim to work for employers, while the remaining 16% identify as self-employed. This latter group is presumably where most Family Day Care (FDC) and Group Family Day Care (GFDC) providers are situated. Just over half of EC childcare workers report working at least 30 hours per week, which is taken to be "full-time work" for present purposes.

With respect to race and ethnicity, roughly three out of every ten childcare workers identify with groups other than "white, non-Hispanic/Latinx", compared to just two of ten workers countywide. Notably, childcare workers are twice as likely (20%) as members of the broader EC workforce (10%) to identify as Black of African American. Stated alternatively, persons of color – especially Black persons – account for a disproportionately high share of EC's childcare workforce.

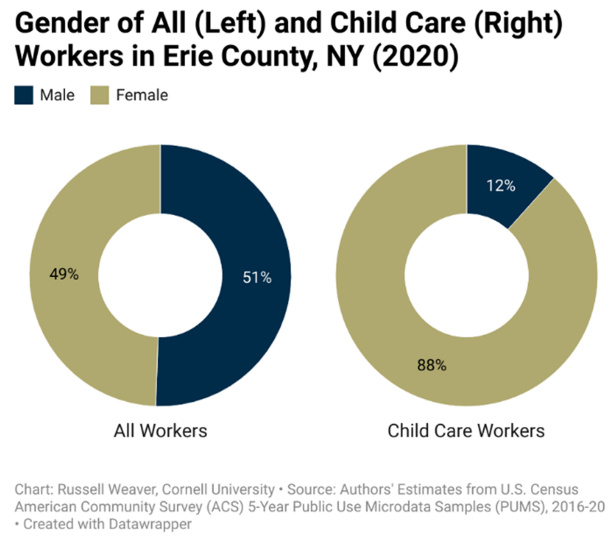
Reflecting the gendered nature of care work, childcare workers in EC are predominantly women. Whereas the County's overall labor force is split relatively evenly between men and women, nearly nine out of every ten childcare workers identify as women. Combined with the preceding observation, and fitting with expectations and claims derived earlier, *childcare work in EC is both gendered and racialized*. The EC childcare industry is driven by women and persons of color, with women of color thus playing an especially outsized role in EC's care economy.

In addition to reporting their occupations and demographic characteristics, respondents to the ACS self-report the usual number of hours they work per week, the number of weeks they work per year, the total wages they earned during the past year, and whether they receive employer-provided health benefits. The former three of these values can be used to compute a worker's effective hourly wage, or the amount they receive per hour given the number of hours they work.[42]



As expanded on in the next section, one consistent and persistent theme that emerged in focus groups with childcare providers is that their work does not end when children leave for the day. Indeed, providers generally agreed that they work between 1,000 and 1,200 hours per year for which they are not compensated. For that reason, many providers report that they effectively earn less than New York State minimum wage, let alone a living or thriving wage.

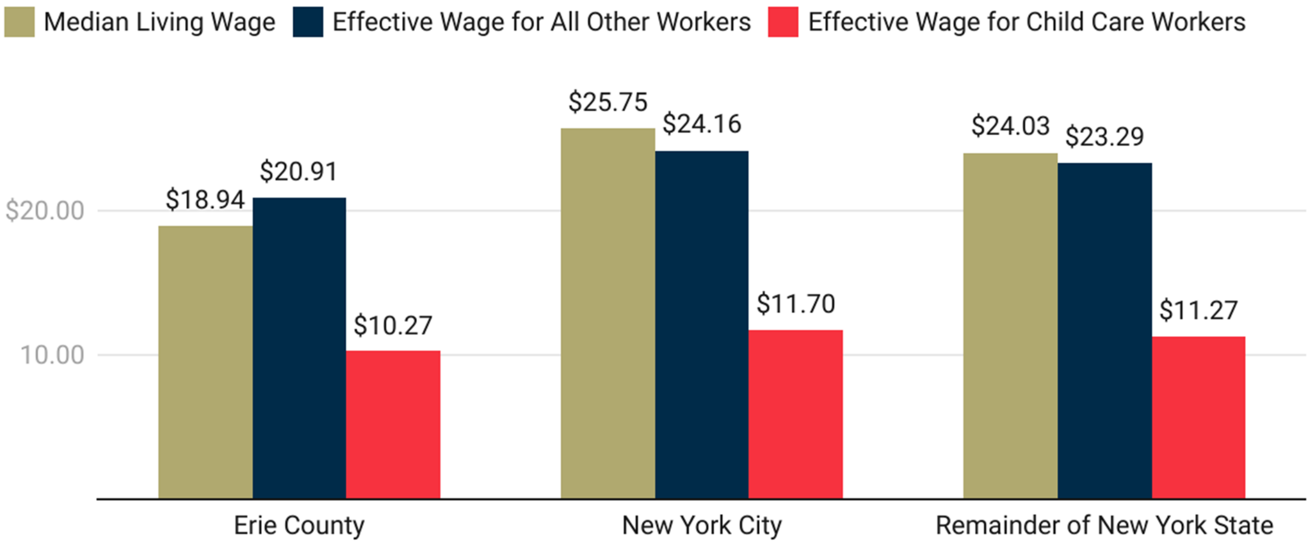
Self-reported ACS data corroborate these claims. The figure on the next pate presents the median effective hourly wage for childcare workers in EC, NYC, and the remainder of ["upstate"] NYS alongside median effective wages for all other workers in those three geographies (i.e., non-childcare workers). The graph also features, for each geography, a median *living wage* derived by assigning each worker represented in the PUMS dataset their location- and household-specific living wage from the Massachusetts Institute of Technology (MIT) Living Wage Calculator, based on the number of adults, working adults, and number of children in their households.[43,44]



In all three geographies represented in the preceding figure, the median effective wage for childcare workers is less than half of the median effective wage for all other workers – and in all cases it falls below current minimum wage levels. Further, in NYC and the rest of upstate, median childcare wages are less than half of workers' median *living wage* (LW) based on their household characteristics. In EC, median effective childcare wages are nearly $9 per hour below the median LW that would cover local costs of living for many workers. In all, approximately four out of five childcare workers in EC earn below their LW, compared to just 45% of all other members of the County's workforce.

As shocking as that figure (~80% of childcare workers earn below a LW) is, it is even worse in NYC and the rest of upstate. The reason for this outcome is that, according to the MIT LW Calculator, costs of living in EC are relatively low compared to much of NYS. Hence, the gap between median childcare wages and the median LW appears somewhat smaller – though still appallingly large – compared to elsewhere in the state.

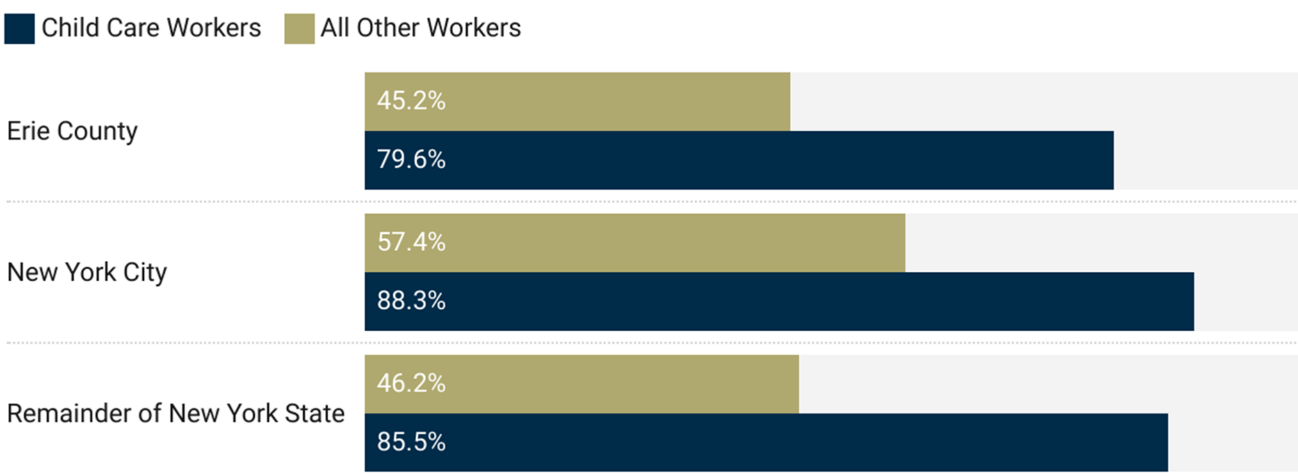
Median Effective Hourly Wages for Child Care Workers Relative to Median Living Wages, by Selected Geographies



Effective hourly wages computed from self-reported data on usual hours worked, weeks worked, and earnings. Median living wage derived by assigning each household a living wage from the MIT Living Wage Calculator, based on the household's geographic location, number of adults, number of working adults, and number of children.

Chart: @RustBeltGeo • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20 [more details available in forthcoming report] • Created with Datawrapper

% of Workers who Earn Below their County's Living Wage*



**Living wages are computed for each worker based on their individual household characteristics (# of adults, working adults, and children in household) using county-level estimates from MIT's Living Wage Calculator; effective hourly wages are computed using self-reported information on hours worked, weeks worked, and total earnings*

Chart: Russell Weaver, Cornell University • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20; MIT Living Wage Calculator • Created with Datawrapper

Selected Health Coverage Indicators for Child Care Workers

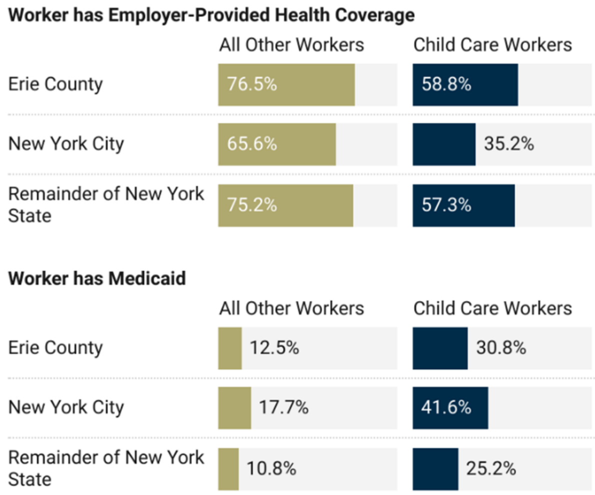


Chart: Russell Weaver, Cornell University • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20 • Created with Datawrapper

When disaggregated to Public Use Microdata Area (PUMA) geographies, however, there is evident wage inequality in EC. As the map on the next page reveals, *the median effective wage for childcare workers in the east Buffalo PUMA of EC is just $8.22 per hour*. After accounting for each childcare worker's household attributes (number of adults in the house, number of adults working, and number of children) and consulting the MIT LW Calculator, the median *living* wage for childcare workers in east Buffalo is $26.51. As such, the median *effective* wage is just 31% of the median LW. That number (31%) is the eleventh worst ratio of median effective wage to median living wage of the 145 PUMAs in NYS. The observed median effective wage of $8.22 per hour in that location is likewise in the bottom 10% of the statewide distribution.

Corroborating earlier claims from the literature and expectations for this study, *childcare work in EC is low-wage, precarious, gendered, and racialized*. As a result of the industry's extremely poor compensation levels, childcare workers are much more likely than other members of the workforce to receive government benefits like Medicaid, Food Stamps, and public assistance income – and much less likely to receive workplace benefits like employer-provided health coverage.

Selected Economic Indicators for Child Care Workers

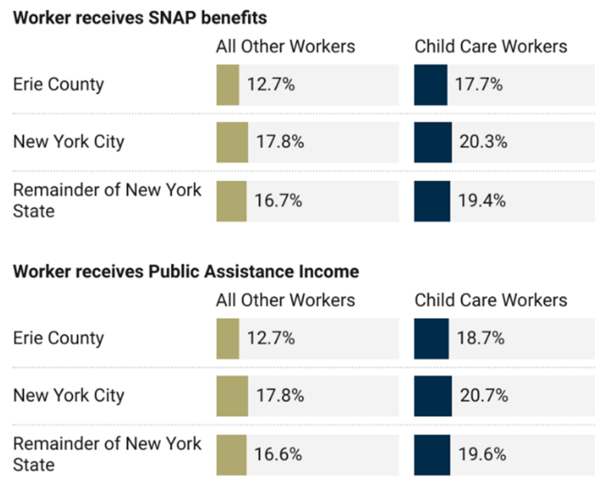
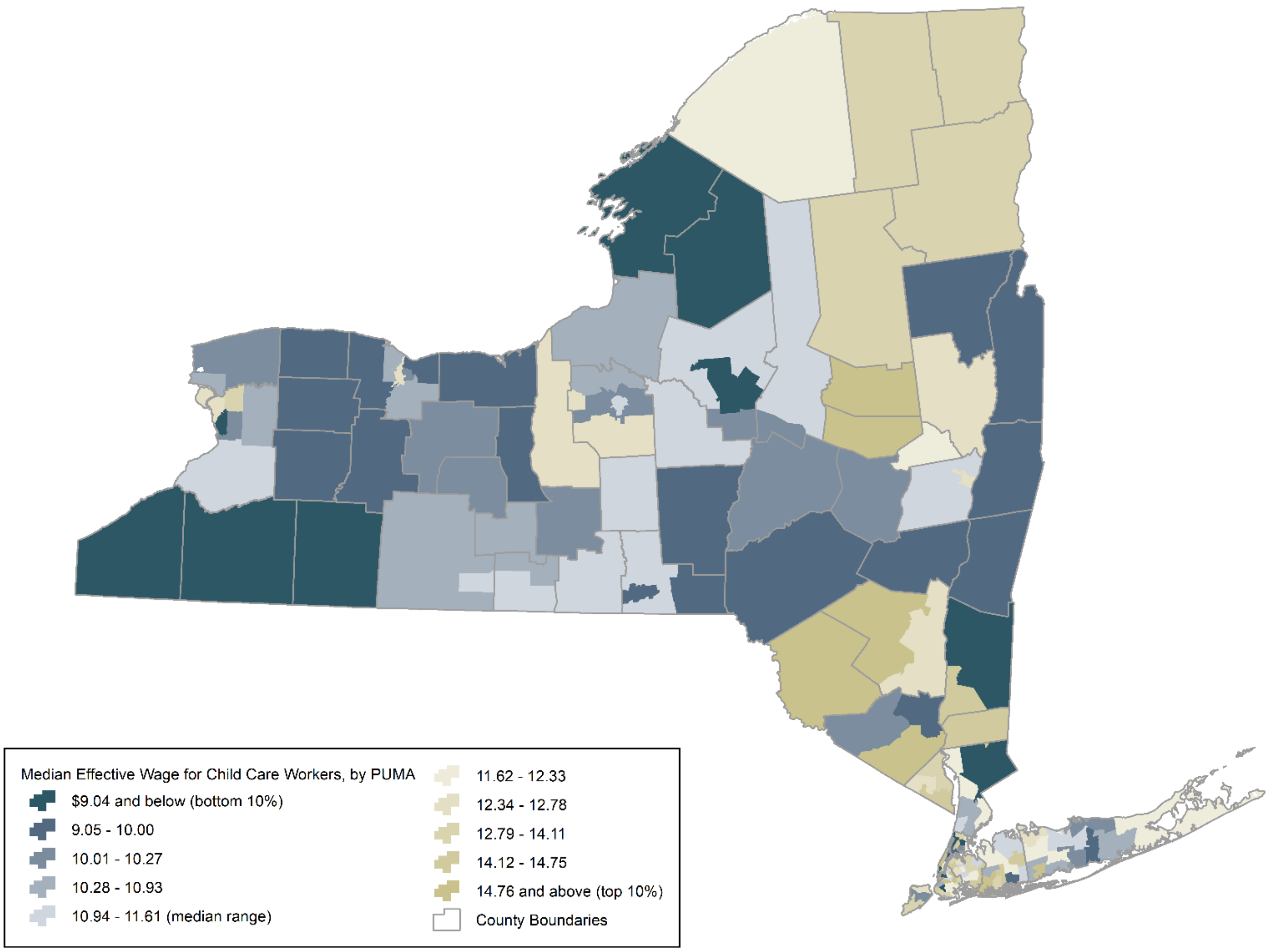


Chart: Russell Weaver, Cornell University • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20 • Created with Datawrapper

In sum, commodified childcare engages providers in a "race to the bottom", whereby they face constant pressure to keep wages and benefits low in order to reduce their operating costs and stay in business. Due to pre-existing systemic biases and the feminization of care work in the economy, low-wage childcare work flows disproportionately to women and persons of color. Without adequate compensation to cover their costs of living, and little access to employer benefits, childcare workers are much more likely than persons in other occupations to need and access public benefits.

Survey Results: Challenges and Costs of Care in Erie County

The secondary data summarized so far made it clear that childcare work is underfunded in EC. Workers, on balance, earn low wages and most lack essential job-related benefits like employer-provided health coverage. That the number of childcare employees in the County has been



falling is not coincidence. Upward pressure on wages in other traditionally low-paying industries (e.g., retail and food service) might be acting as a pull factor – pulling workers out of childcare and into higher paying jobs; while financial strains on providers, worsened by the pandemic, are pushing workers out of the industry via temporary or permanent layoffs or business closures.[45]

Given the critical role that (child) care work plays in society, allowing these dynamics to operate uninterrupted could have multiplying, and devastating, effects throughout society and the economy. To get a sense for how much funding might be needed to better address existing costs of care – and to enhance the quality of care – the memo turns to a survey and four focus groups with EC childcare providers. The survey was aimed at tackling the fourth objective from above: to generate rough estimates of the typical costs of care per child for local providers and compare those costs to prevailing subsidy levels that are meant to cover care costs for low-income families. Such numbers allow for an assessment of the existing, premier public sector program for making childcare more accessible, which, in turn, can produce vital implications for conceiving of and implementing transformational changes to the prevailing system.

Herein, survey providers are discussed in terms of the four categories used by the NYS OCFS: (1) Family Day Cares (FDCs), (2) Group Family Day Cares (GFDCs), (3) Day Care Centers (DCCs), and (4) School-Aged Childcare (SACC). Moreover, because the subsidy is administered through the EC Department of Social Services, and providers therefore speak of "DSS subsidies", this term is used throughout the memo.

Recall that the survey of 499 licensed providers yielded a sample of 234 usable observations. Altogether, 70% of responding providers said they accept and care for children who receive childcare subsidies. Countywide, DCC and SACC programs were slightly more likely than FDC and GFDC programs to indicate that they accept children who receive subsidies. (However, children receiving subsidies make up a greater percentage of children served at FDC and GFDC facilities compared to DCC and SACC programs – the median share of DSS-subsidized children is 33% at FDC and GFDC facilities, but only 13% at DCC and SAC programs.)

Erie County Child Care Providers by Program Type and Care for Children who Receive DSS Subsidies

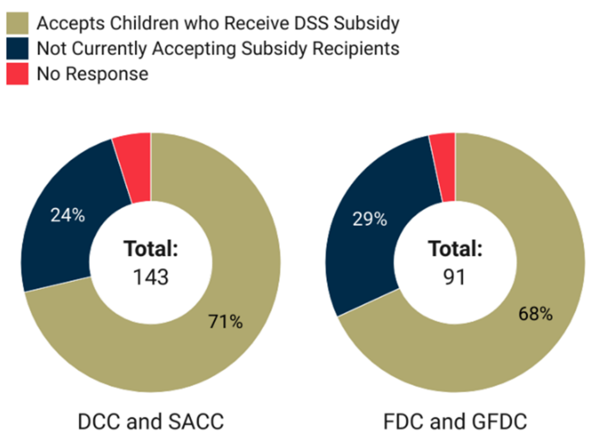
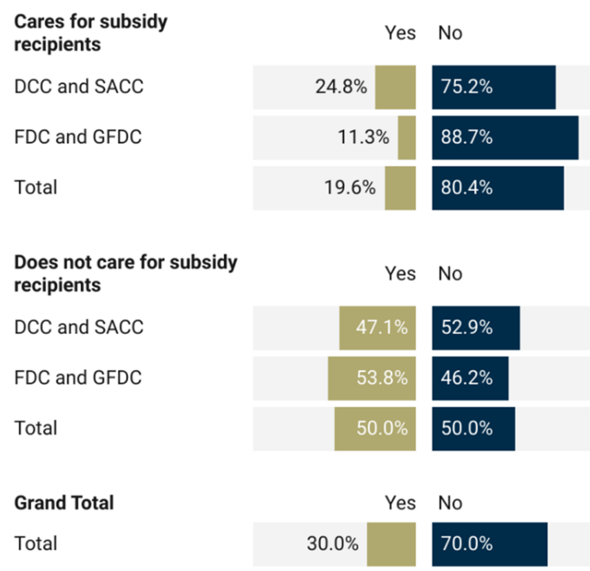


Chart: Russell Weaver • Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

Seven out of every ten respondents indicated that they currently do not make enough money to offer the level and quality of services they wish to provide. However, the situation is much more severe for DSS subsidy recipients. Over 80% of subsidized providers do not generate enough revenue to provide desired levels of care, compared to just 50% of their counterparts who rely more heavily on other funding sources (especially parent private pay). The implication is that the *facilities serving more financially disempowered children are themselves more financially disempowered*.

Echoing the previous finding, roughly two-thirds of respondents who accept DSS subsidies agree that existing subsidy rates do not cover their current costs of care – suggesting that the rates are well below an amount that would allow providers to offer their desired levels of care.

Is your child care business making enough money to provide the services you would like to provide?

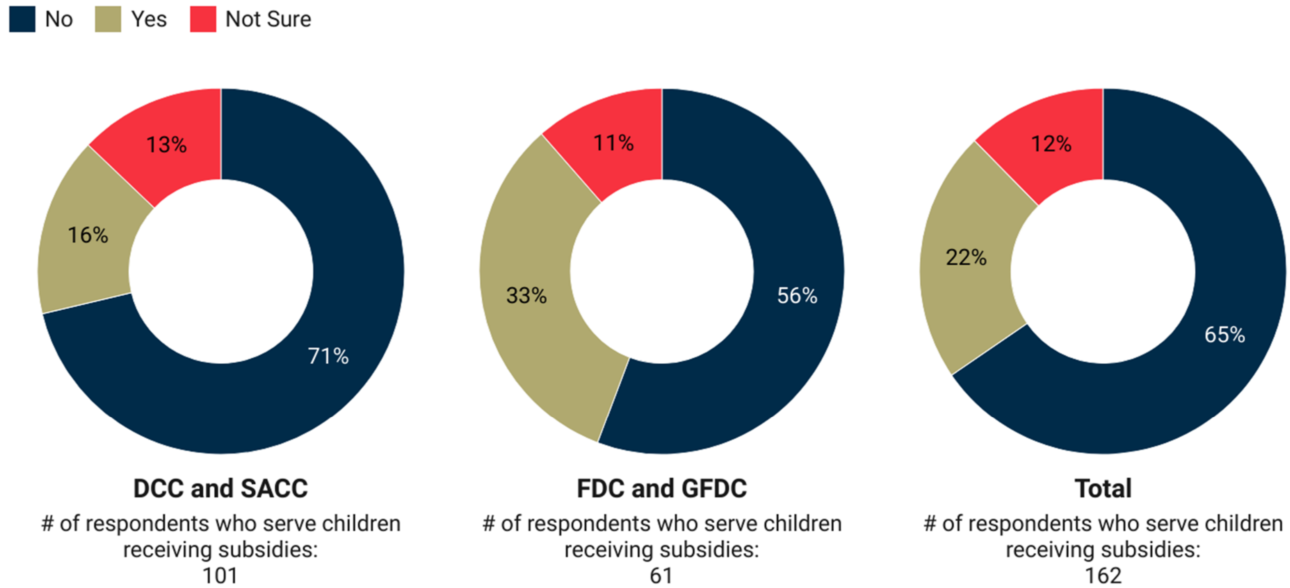


Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

One potential consequence of insufficient DSS subsidy rates is unrealized capacity. Whereas most providers (51.7%) who do not accept DSS subsidies wish to continue operating at their current scales over the next two years, more than three-fifths (60.7%) of subsidy recipients expressed a desire to expand or increase the services they currently offer.

Unlocking the latent capacity described above might help to address at least some existing mismatch issues. Namely, 101 survey respondents (81.2% of which were DCC and SACC providers) reported having waitlists, with 1,803 total children represented on those lists (note: it is not possible to know how many children appear on multiple lists).

Does the current Erie County DSS child care subsidy fully cover your costs of providing care for the child(ren) receiving the subsidy?



Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

What are your goals for your child care business in the next two years?

Cares for subsidy recipients	Expand or Increase Services	Remain the Same	Reduce Services or Close
DCC and SACC	61.8%	36.3%	2.0%
FDC and GFDC	59.0%	32.8%	8.2%
Total	60.7%	35.0%	4.3%
Does not care for subsidy recipients	Expand or Increase Services	Remain the Same	Reduce Services or Close
DCC and SACC	61.8%	38.2%	0.0%
FDC and GFDC	23.1%	69.2%	7.7%
Total	45.0%	51.7%	3.3%
Grand Total	Expand or Increase Services	Remain the Same	Reduce Services or Close
Total	57.3%	38.8%	3.9%

Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

Roughly 69% of the 1,803 waitlisted children are on lists of providers who accept DSS subsidies. Recall that such providers were much more likely than non-subsidy recipients to express a desire to expand. Nevertheless, most providers – including those with waitlists – are currently caring for fewer children than the number for which they are licensed. DCC and SACC providers who do not accept DSS subsidies have the highest median number of seemingly unused slots, at 13. However, focus groups revealed that at least some of this ostensible "excess capacity" is likely to be temporary, as providers are holding slots for families whose schedules and employment have been affected by the COVID-19 pandemic.

To this point, survey data have shown that EC childcare providers, on balance, are not making enough money to offer the quality and level of services they wish to offer – and that this tendency is especially true for providers who accept children on DSS subsidies. Along those lines, an important question is: into which areas would providers prioritize investment if they had adequate funding?

Despite the difference between subsidy-accepting and non-subsidy-accepting providers observed thus far, median rankings of both groups of respondents were identical when asked to prioritize eight categories of investments. Higher salaries and better benefits for current staff, additional staff, and capital improvements top the list.

Consistent with the secondary BLS and U.S. Census ACS PUMS data summarized earlier, the providers who participated in the survey and focus groups collectively agree that resources are too scarce in their industry to offer salary and benefits packages that fairly and adequately compensate childcare workers (including themselves). Poor compensation, in turn, makes it difficult for providers to attract and retain qualified staff. At bottom, current prevailing wages for childcare work in EC are a major barrier to expanding the size of the industry and enhancing the quality of care.

Mirroring the ACS and BLS data, survey respondents report that nearly seven of every ten workers at their establishments (67.6%) earn at or below $15/hour. Recall that ACS data suggested that ~80% of EC childcare workers earn below a living wage. Whereas the ACS estimate is slightly higher than the information obtained from survey respondents, keep in mind that the childcare workforce shrank by 11% between 2019 and 2020. At least some of that contraction is probably attributable to COVID-19. Because pandemic-related job losses have been concentrated at the low end of the pay scale, it is reasonable to expect that the recent losses in childcare jobs in EC followed that pattern.

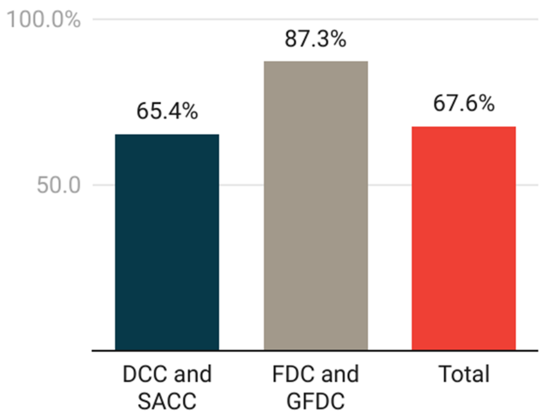
Please rank from most important (1) to least important (8) the categories of spending you would prioritize with additional funding

Spending Category	Priority (1=Most Important)
Increase wages, benefits, offer staff development	1
More staff	2
Larger or renovate existing space	3
More outdoor space, new play area	4
Arts/crafts/toys/technology/field trips	5
Books	6
Baby equipment	7
Other	8

Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

Accordingly, the slightly lower fraction of low-wage workers reported by survey respondents relative to ACS data is plausibly due, at least in part, to fewer sub-$15/hour earners in the workforce now compared to when the ACS data were collected. Nevertheless, the survey strongly buttresses the narrative that childcare work in EC is low-wage, precarious work. According to respondents, the plurality of employees at DCC and SACC facilities earn $12.51-$15/hour; while the majority of FDC and GFDC providers earn at or below the 2021 year-end EC minimum wage of $12.50/hour.

% of Erie County Child Care Workers who are Paid at or Below $15/hour



Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

Assuming that FDC and GFDC providers tend to be self-employed, while workers at DCC and SACC programs tend to be employed by others, data provided by survey respondents are quite consistent with data reported by self-identified childcare workers in the ACS PUMS. Namely, recall that ACS data showed that 84% of childcare workers work for employers, with the remaining 16% self-employed. Using the preceding logic – as well as the employment levels reported in the preceding figure – 89.9% of staff represented in the survey work for DCC or SACC programs, with the remaining 10.1% working at FDC and GFDC facilities. The relative correspondence between sample data and data from authoritative external sources implies that information on personnel and non-personnel costs provided by survey respondents should paint a realistic picture of the cost of childcare in EC.

To begin painting that picture, the author made the following simplifying assumptions:

- For each pay range on which data are available, full time (FT) staff members in that range earn wages at the midpoint. Part time (PT) staff members earn one-half of that midpoint.
  - E.g., FT staff members in the >$25,000 to $30,000 range earn, on average, $27,500 per year; their PT counterparts earn $13,750
  - The <=$25,000 range is bottom-coded at $25,000 for FT; the >$42,000 range is top-coded at $50,000 for FT
- "Personnel" costs equal the sum of estimated salary expenses plus the estimated value of health benefits (respondents self-reported the number of employees receiving such benefits, if any, as well as the average monthly contribution per employee), retirement benefits, and paid leave.
- "Non-personnel" costs equal total personnel costs divided by a provider's self-reported share of personnel costs relative to total costs (respondents reported what percentage of their total costs are personnel costs).
- "Total" costs equal total personnel costs plus total non-personnel costs.

Approximately half of respondents were unable to provide complete data on their personnel and non-personnel costs. About 20% of those respondents who did supply complete data came from facilities that do not receive DSS subsidies. Thus, the analyses and thought exercises that follow are based on only a subset of the survey sample: providers who receive DSS subsidies and who supplied usable cost data. Even faced with missing data, though, cost estimates obtained from the self-reported survey data are highly compatible with statewide cost estimates from the Center for American Progress (CAP).[46] The table on the next page presents average values, by provider types, for key cost variables.

Not surprisingly, FDC and GFDC facilities, on average, have smaller staffs and serve fewer children than DCC and SACC programs, and their workers appear to earn lower average wages. Importantly, though, family providers report that non-personnel costs constitute a significantly higher share of their total costs, on average. This finding fits with anecdotal evidence obtained in two focus groups that were held with FDC and GFDC providers. The providers, who all operated out of their homes, stressed that they are essentially always "on duty" – cleaning, making repairs, shopping for supplies while running household errands – because they spend most of their time at, and stewarding, their home-workplaces.

Focus group participants uniformly agreed that they work 1,000 to 1,200 hours per year that go uncompensated, and that they are never able to fully "write off" their true expenses on their tax returns because their work-related expenses are so intermixed with their household expenses. When asked about their greatest costs, one provider responded: "*My biggest cost is what I'm not getting by doing this job*." Economists refer to this concept – what one could earn if they used their time and resources for some other purpose – as an *opportunity cost*. It was clear during the focus groups that FDC and GFDC providers are fully aware of their opportunity costs – suggesting that their tendency to report higher relative non-personnel costs than DCC and SACC providers might reflect an inherent accounting for these [non-monetary] costs in their survey responses.

While at-home providers were open with the research team about their non-personnel and opportunity costs during focus groups, and while such information appears to explain the relatively high levels of non-personnel costs reported by FDC and GFDC survey respondents compared to DCC/SACC respondents, the NYS Market Survey used to establish DSS subsidy rates is based on the rates that providers charge parents and guardians.

One consistent theme to emerge in all four focus groups conducted by the researchers – but especially in the two that featured at-home providers – is that providers feel that they are unable to raise rates to desired levels because

Average Values of Key Cost of Care Variables for Erie County Child Care Providers, by Program Type

Provider Type	DCC and SACC	FDC and GFDC
Personnel Costs as a Percent of Total Costs	64.2%	45.8%
Staff Members	14	4
Estimated Wages and Benefits (Annual)	$383,751	$85,183
Estimated Wages and Benefits per Staff Member	$28,692	$21,895
Estimated Non-Personnel Costs (Annual)	$259,370	$137,671
Estimated Total Costs (Annual)	$643,121	$222,855
Children Currently Serving	56	11

Limited to respondents who receive DSS subsidies and provided complete cost data

Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper they will lose clients to lower-cost alternatives. As an extreme (though still hypothetical) example, there is a near-universal fear among providers that federal funding for universal Pre-K will see most families with Pre-K-aged children opt out of the existing provider landscape in favor of public schools. Hence, providers feel pressure to “race to the bottom” – to artificially keep costs low by driving their costs (especially [their own] labor) down to unsustainable levels.

These observations about the ways in which market pressures push providers to charge below-true-cost rates imply that *the existing, market-price-based DSS subsidy rate schedule does not reflect true costs of childcare*. Put another way, as 65% of survey respondents who care for DSS-subsidized children observed (see above), current subsidy levels are too low.

The NYS DSS subsidy schedule for EC at the time of the survey is shown below. Each value represents the weekly subsidy payment that a provider would receive if a student in the given age group were to attend the provider’s facility on a full-time basis for an entire week.

As intimated above, providers receive these subsidy amounts based on attendance, not enrollment. For example, if a DCC cares for one infant whose tuition is subsidized by DSS, then the provider is paid the full rate of $280 per week for that infant only if the infant attends the facility full-time for the whole week. If the infant is ill or otherwise unable to attend the facility for, say, three days during a single week, then the provider will only receive the daily subsidy rate ($59/day) for the two days that the child was in the provider’s care. Thus, even though the provider’s costs remain the same – staff, utilities, supplies, etc. – they are subsidized by only $118 (two days x $59/day) rather than the weekly $280 rate they would normally receive.

The takeaway is that providers essentially never receive the full value of the subsidy for any given child over the course of a year – a point that was made and reinforced with strong emphasis by all subsidy-accepting providers during the four focus groups. For the purposes of this subsection, the implication is that applying the full weekly subsidy rates to the number of children receiving DSS subsidies (if any) that each provider self-reported in the survey will meaningfully *overstate* the amount of subsidy that a provider actually receives. The author therefore adopted a conservative assumption that a provider receives, on average, 75% of the full subsidy value for each subsidized child in their care. Based on focus group conversations, even this assumption is likely to overstate a provider’s actual amount of subsidy received. However, absent more exact figures, the 75% assumption is a useful starting point.

Current NYS Child Care Market Subsidy Rates for Erie County

Values are expressed as weekly rates per subsidized child

Provider Type	DCC and SACC	FDC and GFDC
Infant	$280	$190
Toddler	$264	$185
Pre-K	$245	$180
School-Aged	$215	$175

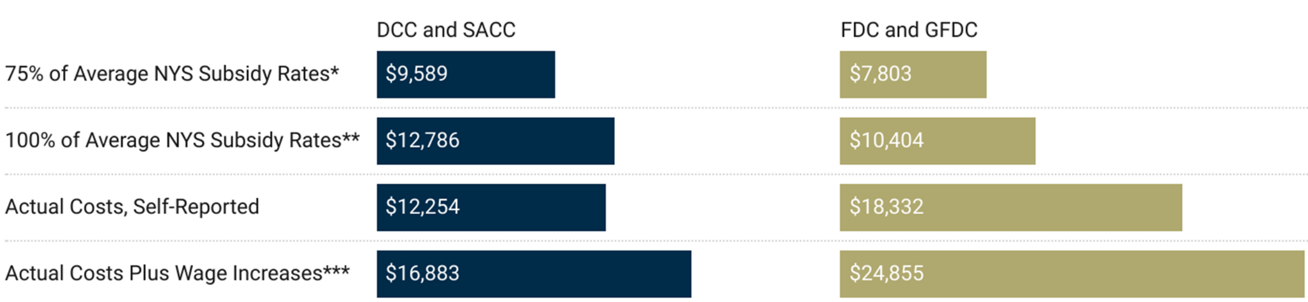
Source: NYS Childcare Market Rate Survey 2019 and Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

Toward that end, the chart at the bottom of the page shows the average cost per child of childcare for four scenarios:

1. Row 1 applies current weekly NYS subsidy rates to the number of subsidized children self-reported by providers, adjusting for the ages of children served by the providers. It then multiples that total by 75% and divides by the number of children receiving subsidies.
2. Row 2 assumes that providers receive full weekly rates for all subsidized children in their care. In other words, all subsidized children are assumed to attend full-time on a year-round basis.
3. Row 3 sums self-reported personnel and non-personnel costs and divides by the number of children currently in a provider's care. Because respondents were asked for the total number of children in their care – and not the number of full-time children – costs per child will appear artificially low for providers who care for relatively many part time children (i.e., the denominator in the ratio of total cost to number of children served will be higher).
4. Row 4 begins with the self-reported costs used in row 3 and adds the cost of increasing the wages of all staff members, while holding all other costs (benefits and non-personnel costs) constant. The following wage increases were applied:
    a. Hourly wages for full-time (FT) staff were set to $25/hour, which is roughly what federal minimum wage would be if minimum wage continued to track with productivity as it had up until the 1960s. Hours for all FT staff were set to 40.[47]
    b. Hourly wages for part-time (PT) staff were set to $20/hour, which is the midpoint between the roughly $15/hour "living wage" for a single adult without children in EC[48] and the $25/hour rate described above. Hours for all PT staff were set to 20.

Data from the graph can be used to show that, regardless of the scenario, NYS subsidy rates fall short of covering the costs of childcare in EC. To better understand the typical "gaps" between subsidy rates and costs of care, the author, for each provider who supplied usable data, computed the difference between the provider's estimated annual subsidy received per child per year under various scenarios and the cost per child per year implicated in the provider's self-reported data. These provider-by-provider "gaps" were then divided by 52 to express them in weekly terms. Finally, weekly gaps were averaged by provider type to estimate the typical dollar amounts, per child per week, by which subsidy

Approximate Annual Cost Per Child of Child Care, Under Selected Scenarios



**Based on self-reported classroom sizes and total number of DSS-subsidized children.*
***Assumes that all DSS-subsidized children attend full-time, year-round, and providers receive full weekly rates for all subsidized children.*
****Higher Staff Wages are set at $25/hr for FT workers and $20/hr PT. FT and PT were set at 2,080 and 1,040 hours per year, respectively.*

Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper rates fall short of covering provider costs.

The data suggest that, on average, subsidies fall short of covering costs of care by $53 per child for DCC and SACC providers, and $107 per child for FDC and GFDC providers. However, recall that most providers who accept DSS-subsidized children (61%) indicated that they hope to expand – and more than 80% of such providers stated that their current financial constraints are preventing them from providing the quality of services and/or the quality working environment for their employees that they wish to offer. Accordingly, it is useful to think about gaps not just between *existing* subsidy rates and costs of care for current services, but also between subsidy rates and the costs of *raising quality* in the industry (both of care and for childcare workers).

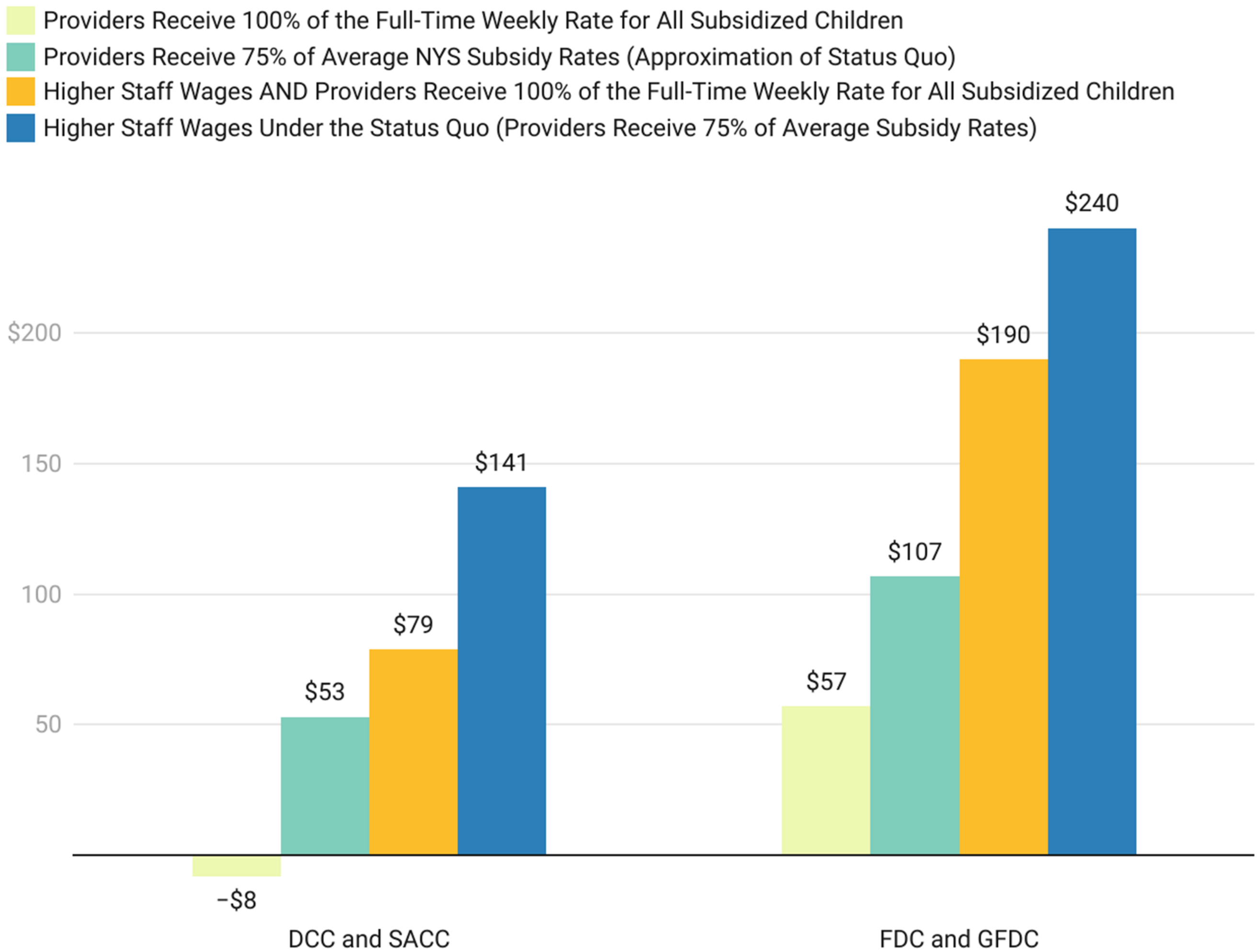
The fourth scenario described above represents a first step for enhancing quality in the childcare industry: raising workers' wages (while holding all else constant). In general, fairer compensation is tied to worker happiness and productivity, and higher wages are associated with lower worker turnover. Providers recognize these relationships. Attracting and retaining quality staff was cited by providers as a major barrier to fulfilling their ambitions; and paying staff fairer wages was, on balance, the highest priority of survey respondents (see above). The hypothetical scenario is a modest, conservative, proposal that simulates provider costs if full-time (FT) workers were paid $25/hour for 40 hours/week of work and part-time (PT) employees were paid $20/hour for 20 hours/week. According to the most recent BLS Employer Cost for Employee Compensation survey (for June 2021), the national average wage in the Educational and Health Services industry is $28.26/hour for FT employees and $22.76 for PT employees. In that respect, the wage rates used in the hypothetical scenario are below the national industry-wide average. The costs of the scenario should thus be considered a floor rather than a ceiling. Ideally, efforts to raise wages in childcare will aim higher and include additional funding for employee benefits.

Following the strategy used to quantify the typical "gaps" between subsidy rates and self-reported costs of care, the author computed differences between providers' estimated subsidy per child per year (which, again, were set at 75% of the subsidy if all subsidized children received the full weekly rate), and costs per child per year if providers' self-reported data on costs were increased by the additional expense of raising their employees' wages to $25/hour for FT workers and $20/hour for PT workers. As before, provider-by-provider "gaps" were divided by 52 to express them in weekly terms, and weekly gaps were averaged by provider type to estimate the typical dollar amounts, per child per week, by which current subsidy rates fall short of covering costs in this "Higher Wages" scenario. Implementing this scenario, which would allow most providers to begin addressing their #1 priority of raising staff wages, would require increases in weekly subsidy rates of around $141 per child for DCC and SACC providers and $240 per child for FDC and GFDC providers.

Based on self-reported data, paying providers 100% of full-time weekly subsidy rates for all DSS-subsidized children might cover current costs of care per child for DSS and SACC providers (see the figure on the next page), but not FDC and GFDC providers. However, recall that respondents from all program types agreed that existing rates do not cover the costs of their *desired* levels of care. And, under the current policy of paying subsidies based on attendance and not enrollment, providers almost never receive the full weekly subsidy rate for each subsidized child in their care. Thus, survey data suggest that raising weekly rates by around $53 for DCC/SACC programs and $107 for FDC/GFDC programs would (on average) better cover the costs of care *of subsidized children* under the status quo.

Next, providers tend to agree that the first step toward higher quality care is to raise wages in the workforce. In the "Higher Wage" scenario, in which FT and PT workers are paid $25 and $20 per hour, respectively, the weekly subsidy rate falls short by around $141 per child for

Estimated Increases Needed in Weekly DSS Subsidy Rates Per Child Under Selected Scenarios in Erie County, NY



The third scenario is a compromise that shows the approximate gap between the cost of care when staff wages are raised to $25/hr FT and $20/hr PT when providers receive the full-time weekly subsidy rate, year-round, for all DSS-subsidized children enrolled at their facilities, regardless of attendance.

Source: Cornell University Survey of Licensed Erie County Child Care Providers (Nov-Dec 2021) • Created with Datawrapper

DCC/SACC and $240 per child for FDC/GFDC (on average). In something of a hybrid option, the third scenario shown in the figure above presents the weekly per-child subsidy shortfall needed to raise staff wages if providers receive the full subsidy rate for all subsidized children in their care. Put another way, if providers receive the full weekly subsidy rate for all DSS-subsidized children enrolled at their facilities, year-round, regardless of attendance, then the weekly subsidy gap between current costs and costs of paying higher wages would fall to around $79 per child for DCC/SACC and $190 per child for FDC/GFDC programs, on average.

These numbers confirm what providers unanimously conveyed in four focus groups: the true cost of quality childcare is steep – and rightly so, given how essential childcare is to all other social and economic activity. After all, as the pandemic is continuing to show, if parents and guardians are not confident that their children can be cared for in a safe, enriching, and yet affordable environment, then they might leave the workforce altogether in favor of at-home caregiving. The more that workers (predominantly women) assess and potentially make this trade-off, the lower the labor force participation rate – and the more likely it becomes that employers in other sectors raise concerns of "labor shortages". *Investing in quality childcare is a critical investment into a better functioning, more equitable and democratic economy*.

As one final exercise before moving forward, the author analyzed ACS PUMS data to identify the universe of households in EC most likely to qualify for and need access to DSS subsidies in the current commodified childcare system. This universe of "likely subsidy candidates" was generated using the following criteria:

- At least one adult member of the household receives at least one of the following public benefits:
    - Medicaid
    - Food Stamps
    - Public Assistance Income
- All adult members of the household work
- There is at least one child in the household of care age (between 0 and 13 years)

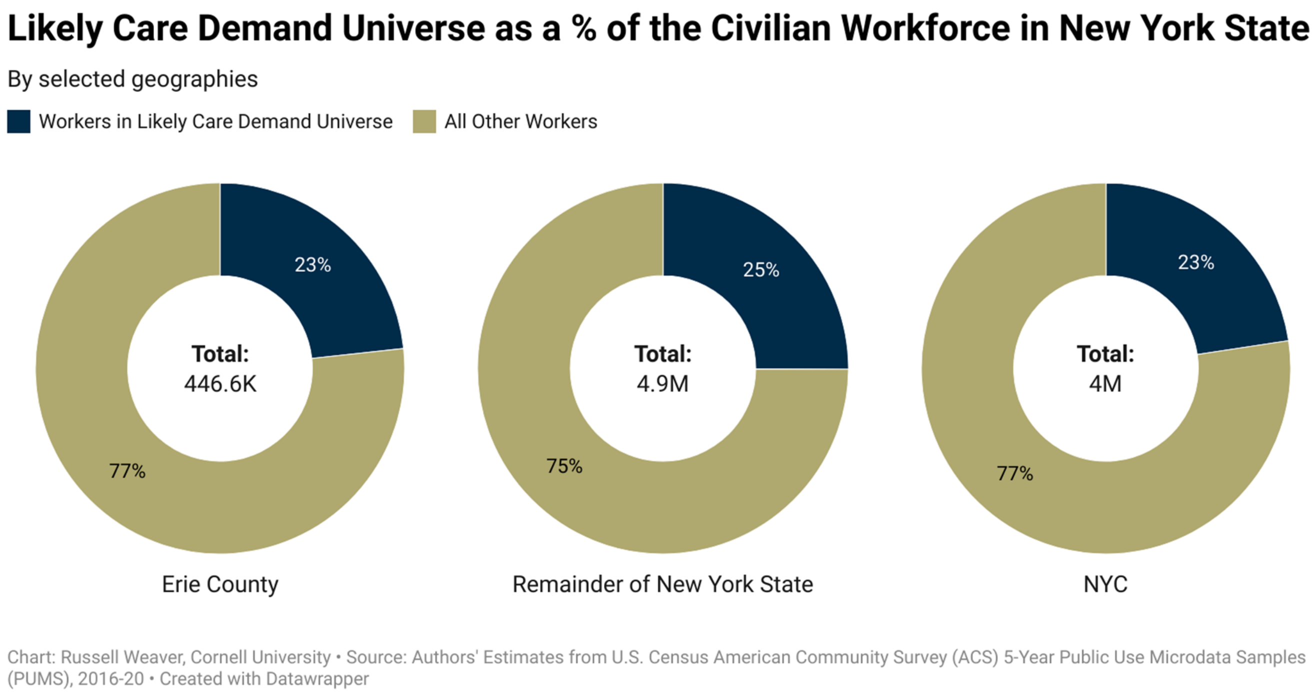
Households that simultaneously exhibited all three criteria were coded as "likely subsidy candidates". In all, 25,060 households in EC (6.8% of all households) fall in this universe. Data provided to the author by the EC Childcare Task Force in January 2022 revealed that, at that time, there were 2,270 children receiving DSS subsidies throughout the County. Assuming that each of those subsidy recipients comes from a unique household – which is a conservative estimate, since it is more than possible that some subsidy recipients are siblings – the implication is that DSS subsidies reach only one in eleven (9.1%) "likely subsidy candidate" households. Recall from earlier in this issue that, nationally, CAP researchers estimate that childcare subsidies reach one in seven children.

Collectively, then, the analyses in this subsection offer strong evidence that *the prevailing public "fix" for making childcare accessible to low-income families is both wildly under-scaled – reaching just a small fraction of families in need – and far too small in magnitude to cover the true costs of providing quality care*. In short, the public solution upholds and reinforces all the ills of a commodified care system – the race to the bottom in wages and benefits, the antisocial competition that allows affluent families to access care while leaving low-wealth families behind, etc. – while merely making conditions marginally less bad for a small fraction of families and providers.

Brief Profile of Likely Childcare Demanders

The "Data and Research Objectives" section of this article listed the fifth and final objective of this study as: explore the occupations and employment arrangements of workers determined to be likely candidates for needing care services, to gain a sense of the industries (and employers therein) who receive indirect benefits (in the form of available labor) when supply of childcare is well-matched to likely demand.

Using ACS PUMS data, the author identified all workers who fall within what this section terms a "likely childcare demand universe". The criteria used to define and identify that universe are intuitive. Quite simply, if a worker (1) has one or more children of care age (zero to 13 years) *and* (2) lives in a household where all the adult members work, then that worker was included in the likely childcare demand universe. There are roughly 2.25 million workers throughout NYS who fall into this universe – nearly a quarter (24%) of statewide civilian employees. The figure below breaks these numbers out by selected geography. Despite the coarseness of the spatial resolution involved, the graph shows that the size of the "likely care demand universe" as a percentage of all workers is remarkably consistent across the state, with 23% of workers



in EC and NYC, and 25% of workers in the remainder of upstate, meeting the aforementioned criteria. Moreover, these figures are presumably undercounts of the actual care demand universe, given that many households with non-working adults still need childcare services.

The upshot is that, without childcare, a massive chunk of economic activity in NYS and EC would quickly come to halt. As shown in the expanded figure on the next page, there is not a single industry in EC from which working families with care-aged children are absent. Between 18% and 28% of workers in all major economic industries in EC fall into the "likely childcare demand universe", with the County's leading employment sector – health and social services – near the top of the list. With respect to occupation, educators and health professionals in EC are the most common workers raising children in households where all the adults hold jobs; but that struggle is a widespread one. It affects people in all occupations, across all sectors. It is a struggle that unifies. It touches the working families that need to compete with one another for undersupplied care. It touches the providers that are currently racing to the bottom to supply care. And, perhaps most consequentially for transforming the existing system, it touches the economic actors – the firms and employers – who depend on working parents and guardians for a steady supply of labor – in all sectors of the economy. At bottom, the widespread need for childcare across the economy is evidence of *a mismatch between the distribution of childcare costs, which are borne almost entirely by individual households, and childcare benefits, which extend well beyond the families receiving care*.

Opportunity: A Comprehensive New York Care Act

In synthesizing and analyzing data from multiple sources as part of a study of commodified childcare in Erie County (EC), NY, this special triple issue generated strong evidence for five fundamental claims about the childcare system:

1. As a scarce "commodity" that needs to be purchased on the open market, [licensed] *childcare services will never be universally accessible*;

Likely Care Demand Universe in Erie County, by Industry

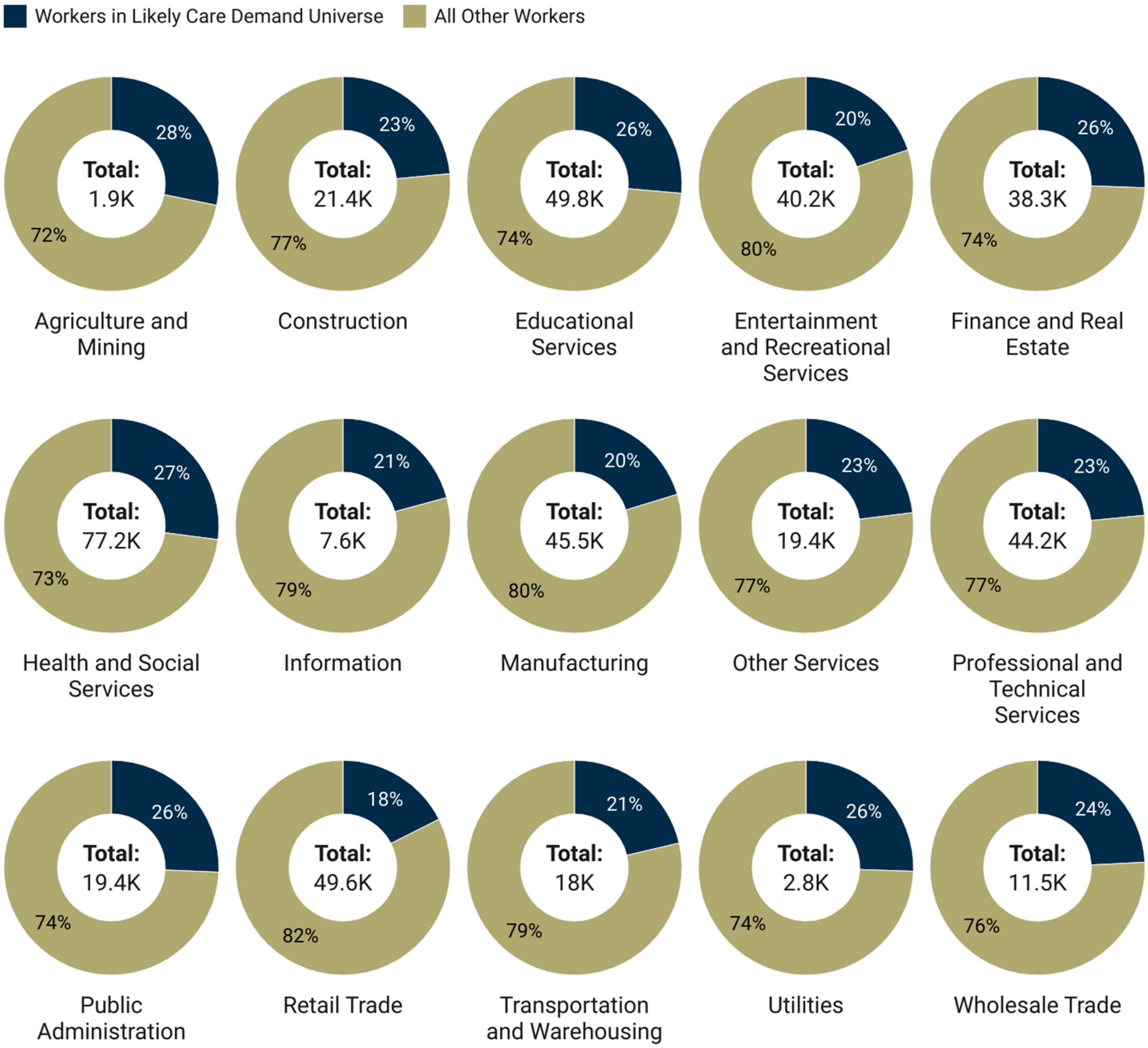


Chart: Russell Weaver, Cornell University • Source: Authors' Estimates from U.S. Census American Community Survey (ACS) 5-Year Public Use Microdata Samples (PUMS), 2016-20 • Created with Datawrapper

2. By historically positioning care work as “free” or “unproductive” labor performed at home, care work has become permanently undervalued, such that *childcare jobs are characterized by precarity and appallingly low wages*;
3. Low-wage *care work is gendered and racialized*;
4. The *premier public sector program to “fix” the “broken” childcare system* – household-level subsidies to low-income families – *is drastically underfunded, too targeted in nature, and*, by operating on the demand (households) and not the supply (providers) side, *reinforces status quo levels of quality and capacity instead of pushing them upward over time*;
5. There is a *mismatch between the*

distribution of childcare costs, which are borne almost entirely by individual households, *and childcare benefits*, which extend well beyond the families receiving care (most notably, workers whose children receive reliable care are critical to the labor supply, economic production in society, and the economic interests of their employers).

The preceding results demonstrated that childcare is vastly undersupplied in EC. It is performed for dreadfully low wages by workers who are disproportionately women and persons of color. Public subsidies meant to increase access to childcare for low-income families fail to cover existing costs of care, let alone costs of higher quality care. Those same subsidies are well under-scaled, reaching only a fraction of families that ostensibly need them. And the vast majority of economic actors who benefit from childcare services (e.g., employers, consumers who depend on goods produced by working parents and guardians, etc.) reap those benefits without having to make substantive contributions to covering the costs of care.

These realities are inevitable byproducts of commodification. *The childcare system is not broken. It generates these inequalities by design.* As with any other commodity market, actors with sufficient access and proximity to capital procure their desired levels and qualities of care, while those with limited (or no) ability to pay get left behind. In the process, a domain of society – care – that is fundamentally about compassion and meeting peoples' needs instead creates and reinforces preexisting patterns of racial, social, gender, economic, and spatial inequality.

Circling back to observations from the introduction, there are no small *re*forms that can make this system work differently in the long run. Rather, what is needed is for the system to *trans*form. Yet, because transformation is a long-term and ongoing process that never ends, it is important to identify strategies that are reachable in the here and now to both improve upon existing outcomes and begin building toward a decommodified care system. Drawing on instructive research from scholars at the New Economics Foundation (NEF) working in this same issue space in the U.K., one concrete strategy is to restructure the existing public subsidy framework.[49]

At its core, the current American childcare subsidy framework implicitly adopts the neoliberal, "personal responsibility" narrative that rose to prominence in the 1970s and 1980s and has poisoned public policy discourses and actions ever since. In shifting blame for economic hardship to the individuals experiencing hardship, the resultant approach to policy insulates prevailing social systems and institutions from any culpability in social problems. As such, competitive, antisocial systems remain in place, while all around them new policies and programs construct a thin layer of benevolence – in the form of underfunded and hard-to-access social welfare programs. Through these programs, existing governance structures are framed as tirelessly working to help households and persons who cannot help themselves (again, the "personal responsibility" narrative reigns).

The reality, as the findings in this *High Road Policy* triple issue illustrate, is that society's very policies and institutions – when they are designed to commodify basic life necessities – are directly and indirectly responsible for the overall discriminatory patterns of harm and hardship. Personal choices might affect certain outcomes. But persistent *patterns* of inequality have sociopolitical, not individual or personal, origins.

To accept this reality is to acknowledge the need to invert public programs from subsidizing individuals *after they experience and demonstrate economic hardship* – thus keeping the resolution of public intervention at the person or household level, and the nature intervention on the demand side – to subsidizing the institutions that provide essential public goods and services in high-quality, equitable ways (thereby changing both the resolution and nature of the resolution to institutions and the supply side, respectively). The NEF describes such a shift as follows:

> *The government should directly fund providers to deliver free or affordable childcare for all children, from the end of paid parental leave, to the start of compulsory schooling. This would represent a switch from the current model of demand-led funding that treats parents like consumers…Subsidies would be given directly to childcare providers on a per capita basis, provided that regulatory procedures are followed. Councils would have responsibility to direct funding locally, making it possible for them to increase settings in areas where there is a lack of provision.*[50]

The U.S. already recognizes the need for public financing of childcare, insofar as it provides household-level subsidies to low-income families. The task moving forward is to redesign the mechanisms of that public financing in ways that gradually decommodify all or at least most of the childcare system. Given the gridlock in Congress, and in the spirit of this article and its study area, efforts along those lines might be best concentrated at the state level (i.e., in Albany) in the near term. One place to start is by considering the New York Health Act (NYHA). The NYHA has been introduced to the NYS Legislature every year since 1991, and it has passed the lower chamber (the Assembly) on numerous occasions. The bill would establish a state-funded system of universal healthcare in NYS. More precisely:

> *[The NYHA] would provide comprehensive, universal health coverage for every New York resident and worker, replacing existing private insurance company coverage. You and your health care providers work to keep you healthy. New York Health pays the bill. This plan is similar to Medicare or the Canadian system — but better.*[51]

To fund this bold initiative, the NYHA calls for a progressive payroll tax that would be split 80%-20% between employers and employees, respectively. Given the cost of private healthcare plans – to employers and employees alike – researchers estimate that most New Yorkers would end up saving money after accounting for the tax increases. Indeed, studies show that 98% of New Yorkers – all but the most affluent – would face *lower* annual healthcare payments under the NYHA single-payer system.[52] Employers would also benefit by paying "a proportionally smaller tax to the government to offset the cost coverage" compared to paying a per employee premium.[53]

As the NYHA continues to gain traction in the Legislature, childcare advocates might join with the campaign for New York Health to revise the bill and broaden its scope to all forms of care. A more comprehensive "New York Care Act" might set marginally higher progressive payroll tax rates – still to be split 80% to 20% between employer and employee, respectively – to raise enough revenue to fund comprehensive childcare, elder care, and care for persons with disabilities initiatives alongside state-sponsored healthcare.

Such a system need not replace the existing provider landscape. As the passage quoted from NEF researchers above suggests, the key is for public financing to occur on the supply side. Something like *a New York Care Act could massively increase the amount of funding available for childcare, presumably raising enough funds to cover the costs of providing universal quality childcare*. By endowing providers with resources sufficient to provide quality care to the full number of children for which they are licensed, *supply side financing can eliminate the "race to the bottom"* that characterizes the existing system. To be eligible for public financing, ***providers would presumably be required to pay their employees living wages, offer generous benefits packages (e.g., retirement and paid time off), and meet certain standards of quality – or else face clawbacks***. In turn, care could be made free to all or most families. In cases where additional fees are warranted, the NEF notes that such fees ought to be capped (e.g., at 10% or less of a family's gross monthly income).[54]

Of course, simply subsidizing all existing providers does not go far enough, given that doing so would not address the capacity problems documented throughout this report. Thus, *revenue generated from something like a comprehensive New York Care Act would be well-spent incubating and/or directly establishing new providers – with priority funding going to innovative organizational forms like parent-led cooperatives and worker cooperatives, where care is both produced and used by the same communities of people*. Such organizations have been found to provide high-quality, context-sensitive care in ways that build local wealth and combat multiple, intersecting forms of inequality.[55]

The possibilities for systems-change are both endless and exciting. A transformational policy change like a comprehensive New York Care Act would make significant progress toward decommodification of care. But it is not the only path. Readers are encouraged to explore the literature cited throughout this report (see the "Notes" section below) for additional visions, proposals, and upstart activities. ***Most urgently, adapting existing subsidy programs to allocate fixed, predictable levels funds to providers who care for subsidy-eligible children seems like the first step toward structural change***. Such a change, which would subsidize providers based on who is enrolled in their programs rather than when those enrollees attend their programs, is an incremental step toward supply side financing.

To conclude this section and this special triple issue, it is useful to return to the notion that the childcare system is not broken. As the data and analyses from above make clear, the toxic brew of commodified care and unwitting social conspiracy to treat care as another component of an individual's "personal responsibility", ensures that a public good with wide-reaching benefits will be narrowly funded, poorly accessed, and overly burdensome on those who cannot survive without it. ***Any solution to the crisis of care will crush this conspiracy, spreading the costs of care as widely as the benefits, and guaranteeing universal access to all***.

Epilogue

This study spun off of a multiphase action research project conducted in collaboration with the Erie County (EC) Childcare Task Force. The Task Force established key goals and principles that guided and informed study design, survey instrument development, data analysis, and communication and dissemination of results. Initial results, which focused predominantly on the survey instrument and costs of care for local providers – and which were largely reproduced above – were used by the Task Force network to formally request an additional $20 million in childcare funding from New York State (NYS), in order to begin closing some of the gaps identified between subsidy rates for low-income families and providers' costs of care. That request, despite being well-covered in the media and backed up by strong data, ultimately was not approved. However, an additional $1.3 billion was included in the state budget for expanded access to, and investing in quality of, NYS childcare.[56]

While it remains to be seen how that additional funding will come to bear on the numerous problems with commodified childcare that were uncovered in this article, it is already clear to all parties involved that significantly more work must be done to transform the local, state, and (inter)national childcare system. Adhering to the principles of action research, after the release of the initial findings from this project and NYS budget decisions, the Cornell research team surveyed and co-facilitated a focus group with the EC Task Force members to reflect on the project and its outcomes. Overwhelmingly, Task Force members agreed that both the network created during the project, and the empirical research and communication of results, were characterized by success. The collaborative project built sturdy infrastructure and a solid base of facts that can be used to advocate for and advance systems-level changes.

The reflective survey of Task Force members intentionally used mostly open-ended questions that asked respondents to share their raw perceptions of what was gained and what remains to be gained from the process. Built-in algorithms in Qualtrics showed that more than 57% of the text submitted by Task Force members exhibited strictly positive sentiment – including responses to questions that were purposefully framed in the negative (e.g., "Please describe challenges you foresee" moving forward). An additional 14.3% of the text contained mixed positive and negative sentiment, with only 28.6% of text showing negative sentiment. The respondents celebrated what they framed as numerous "wins" or "victories" that were made possible by this project. However, one simple, seven-word response to the question "Do you think the funds allocated for childcare in the NYS budget are sufficient…Why or why not?" arguably has the most wide-reaching implications for moving forward. The anonymous respondent, who answered "No" to the question of whether the additional funding from NYS is sufficient, said of childcare:

"It is not yet a public good."

This triple issue of *High Road Policy* produced abundant evidence that, by treating childcare as a commodity, society is actively creating and exacerbating inequality. *Quality, accessible care is the load-bearing column that holds up the so-called "productive" economy. Its benefits are distributed well beyond the boundaries of the families and households who receive care*. But, as a commodity, care will always be scarce – it will be undersupplied, devalued, and affordable only to the most financially secure households and the few (one in seven, or one in eleven) less affluent families that break through the red tape to receive demand-side public subsidies. *If the crisis of care is ever to be resolved, then the necessary step is to decommodify it* – to redesign the system, from the basal norms and mental models on up to the institutions that fund, regulate, deliver, and receive childcare, so that it may begin taking on its true form as a vital public good.

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About *High Road Policy*

High Road Policy is a quarterly issue memorandum published by the Cornell University School of Industrial Labor Relations (ILR) through its Buffalo Co-Lab. It aims to contribute actionable insights to contemporary policy and political discourses in and beyond the regions and communities of Upstate New York. Content for memoranda comes in part from the Co-Lab's Data for Equitable Economic Development and Sustainability (Good DEEDS) program, which democratizes local and regional data for the purposes of: empowering residents and institutions; informing public policy debates; and providing an empirical basis for ensuring that change and development in Upstate communities follows the High Road to shared prosperity for all residents, from the present to all future generations.

Call for Submissions: High Road Policy (HRP) is seeking submissions on policies, proposals, campaigns, governance arrangements, and other practical strategies for advancing a more democratic economy rooted in values of shared prosperity, environmental sustainability, and participatory democracy. Contributions should be approximately 6,000 words or fewer, including references, end notes, tables, and figures. All submissions should be action-oriented and have clear implications for effecting High Road social and community change. Arguments must be persuasive and supported by some combination of empirical evidence, scholarly knowledge, lessons learned from practice, or related material. Email rcweaver@cornell.edu with the subject line "High Road Policy pitch".

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[42] Unfortunately, this estimation procedure is not entirely straightforward. Up until 2019, PUMS data for number of weeks worked were reported in "bins" (e.g., 1-13 weeks, 14-26 weeks, … , 50-52 weeks). As such, it is not possible to identify the *precise* number of weeks worked for persons who responded to the ACS prior to 2019 (recall that the ACS data used in this report were collected over a five-year period from 2016 to 2020). To overcome this challenge, the research team drew on the "unbinned" data on weeks worked that were collected from respondents in 2019 and 2020. Specifically, starting in 2019, all workers who respond to the ACS are now asked to report the exact number of weeks they worked in the prior year. While the PUMS data provide these precise values for 2019 and 2020 respondents, they also – for consistency and compatibility with older data – continue to report each respondent's weeks worked "bin". The researchers therefore computed the average (precise) number of weeks worked for 2019 and 2020 respondents, by bin, and subsequently assigned that average or typical "bin" value to persons within that bin who responded to the PUMS prior to 2019. These values are as follows:

Bin Number	Weeks Worked Bin	Average Number of Weeks Worked (Rounded) for Workers in Bin (2019 respondents only)	Standard Deviation
1	1-13 weeks	6	3.7
2	14-26 weeks	21	4.0
3	27-39 weeks	33	3.3
4	40-47 weeks	42	2.4
5	48-49 weeks	48	0.4
6	50-52 weeks	52	0.2

A second complication arises in the way that income is recorded and hours worked are reported. Namely, some respondents report that they work for wages *and* have self-employment income. However, the ACS only collects one data point per worker on "hours worked". Accordingly, it is not possible to decipher how many self-reported hours might be dedicated to wage work versus self-employment. To address this issue, the research team relied on the PUMS variable "earned income" as opposed to "wage and salary income". Earned income is simply income earned from wages/salary *plus* income earned through self-employment. Both numbers are annualized. For workers who work only for wages (and do not have self-employment income), earned income is equal to wage and salary income. Adopting all of the preceding assumptions and analytical strategies, each worker's *effective (self-reported) hourly wage* was calculated as:

Annual Earned Income / (Number of Weeks Worked * Hours Worked per Week)

This value was computed for all noninstitutionalized persons 16 years or older who reported that they were in the labor force and earned income at the time they responded to the ACS. Note that self-reported hours worked may include or reflect uncompensated work time. It is not possible to identify these specific cases with certainty.

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[44] Several Public Use Microdata Areas (PUMAs) in NYS group multiple counties. In such cases, living wages (LWs) were computed as the average LW in each of the counties contained in the PUMA grouping, given the individual worker's household characteristics.

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