



THE GENDER PAY GAP

The Impact of New York's Child Care System on Women's Salaries

Abstract

Access to affordable child care keeps more women in the workforce and allows them to progress in their career. A comprehensive child care system will support women's pay equity and lift up a profession that primarily employs women.

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Good afternoon. My name is Jennifer Rojas and I am the Associate Executive Director of the Child Care Council of Suffolk (“the Council”) on Long Island.

The Child Care Council of Suffolk, Inc. is dedicated to making child care work for all of our diverse communities. We connect thousands of families with child care, provide technical assistance and professional development to thousands of child care workers and we advocate on the local, state and federal level for a more effective and equitable child care system.

I have spent the past 20 years working on behalf of children & families as an attorney, an advocate and a non-profit executive. I am also a working mother, and the daughter of a single, working mom. So this is very personal to me. I am very appreciative of the opportunity to speak today, and want to thank Lt. Governor Hochul, Commissioner Reardon and The Ivy Network for convening this forum and elevating this issue.

There are several critical factors affecting the wage gap all of which are important and being discussed today. I would like to bring an additional issue to the table - the impact of a struggling child care system on women’s wages from my perspective as a professional in the field, and as a working mother.

Affordable, quality child care is a critical support for all working families. Reliable child care allows parents to work, earn a living and strive for upward mobility. Working mothers with reliable child care are generally more productive, have fewer absences and have more potential to increase their lifetime earnings.

There is also extensive research showing that children who attend high-quality early learning programs have better life-long outcomes, including better health, higher earnings and less involvement with the criminal justice system.

It is truly a two-generation approach to promoting upward economic mobility – when it works.

The “Choices” Facing Working Mothers

Child care affects all working mothers regardless of their income. It is the options that are available to working mothers that varies greatly depending on the income and resources of each woman.

Leaving the workforce

Regardless of income bracket, women are still much more likely than men to take time off from their career to care for their families. In some cases these decisions are positive, deliberate choices made by a woman. In many cases, however, families make this decision based on necessity and the financial reality that child care is too expensive.

Since most women are already earning less than their male counterparts, it is more often the woman who leaves the workforce to care for the children. This “gap” in work experience slows down a women’s career trajectory and ultimately lowers their earning capacity.

While leaving the workforce may be a struggle that many families decide they can manage, there are more women in New York who do not have the option to leave the workforce. They must earn a living in order to meet the basic needs of their family. These women face very difficult choices.

Finding affordable (but not necessarily appropriate) child care

Mothers who do not have the option to stay home need to find affordable child care, which is getting more and more difficult in New York. Without assistance, quality child care on Long Island could cost as much as \$17,000 for 1 child.

Recognizing this challenge, the federal Child Care and Development Block Grant (CCDBG) provides subsidies to lower-income working families to help pay for child care. The goal is to allow parents to work and earn a living while their children are safe and well cared-for. Subsidies cover part of the cost of the care, with the parent picking up the rest. The amount of the subsidy varies state by state, and county by county.

In New York, only 22% of children eligible for child care subsidies are being served due to lack of funding. The \$7 million cut to child care in last year’s state budget has only exacerbated this problem.

In Suffolk, our eligibility for child care subsidy is at 125 percent of poverty – that is \$25,525 for a family of 3.

The average cost of quality child care on Long Island is between \$10,000 and \$17,000 per year, per child.

A working mother with two children earning \$35,000/year would not be eligible for child care assistance in Suffolk County. Reliable child care could realistically cost \$15,000 - \$20,000 a year for her two children – which is more than 42% of her income. This mother has very difficult choices:

- (1) Make informal, unregulated child care arrangements that may – or may not – be appropriate and reliable; OR
- (2) Change jobs to earn less and qualify for subsidies.

None of these are good choices and both will have long term consequences on the mother's lifetime earnings, as well as on the children's development and outcomes.

Choosing flexible, family-friendly occupations

The unreliability of many affordable child care options and the desire to have more time to focus on family also affects the type of jobs that women may choose. Many working mothers – including me – choose a job based on the flexibility and openness to managing work and family life. We take pay cuts to work closer to home or to have the flexibility to work more from home. These are choices that many of us make willingly in order to spend more time with our family.

Jobs with this level of flexibility are still not easy to find and when they do exist the compensation is often less because of the perception that flexibility means “less work”. But what it often means is working differently – at night, early mornings or weekends – in order to accommodate time with family responsibilities. This work is not valued or recognized, pushing women further down in the hierarchy. When women are not adequately represented in positions of authority, it is less likely to get more family-friendly policies put in place.

Pay Inequity in the Child Care Industry

Even when women choose to work in an occupation that is predominantly filled with women – the pay is less than male-dominated fields.

A study from Cornell University found that the difference between the occupations and industries in which men and women work has become the single largest cause of the gender pay gap. This disparity remains even when the number of women

increase in a previously male-dominated field – with women getting paid less than men who had been doing the job before.

The child care industry is a stark example of this pay gap.

More than 77,000 people in New York State are employed in the child care industry, with nearly 10,000 of them on Long Island. The overwhelming majority are women. Fifty-nine percent of these working New Yorkers are participating in one or more public income support programs because their salaries are so low.

This industry which has been an avenue to help women pursue a career and strive for upward mobility is now a major cause of the gender pay gap.

In the current system, the only way to increase the salaries of child care employees is to increase the cost of child care and as I just discussed the cost of child care is already devastating to all but the highest-earning New Yorkers.

So what can we do?

Recommendation: Invest in Child Care Reform

Policies that are supportive of families and working mothers will go a long way to decrease the pay gap between men and women in New York. The Governor has already championed a new Paid Family Leave policy that will give New Yorkers the ability to care for their families without losing their job. It is now time to support a strong child care system that provides affordable, equitable access to quality child care for all New York children and families, as well as a family sustaining income for the child care workforce.

To promote women in the workforce and move toward pay equity, child care reform should:

- (1) substantially lower all parents' out-of-pocket child care expenses by capping at 10 percent of family income and funding the remaining cost of care through subsidy, tax credits or other funding model,
- (2) ensure (and adequately fund) high standards and high-quality in all child care programs, and
- (3) support a high quality workforce that is adequately compensated, educated and trained.

There is historical precedence in the US for investing in child care. During World War II when women were needed to work in the factories, the United States established a national child care program. In 1989, the US military created the country's best child care program in order to promote reliability and productivity of the military force. There is proof that it can be done when there is the will.

Making child care more affordable provides working mothers with more options and more control over their career, family and life. It also frees up substantial resources of families to pay for other necessities that may have previously been neglected. The Economic Policy Institute estimated that a family in New York with an infant and preschooler would save almost \$20,000 a year on child care under this type of plan. That is \$20,000 they can spend on food, clothing, activities, healthcare, education and other necessities.

A comprehensive child care reform package would also expand the child care workforce and increase their overall earnings. In a field of mostly women, support for the child care workforce would have a profound impact on improving the financial status of tens of thousands working women in New York. This also generates economic activity that benefits the local communities around the state.

In fact, a report conducted by the economist from the Long Island Association found that every \$1 invested in child care on Long Island generates a return on investment of \$1.95 – which is more than almost every other industry on Long Island. In the long term, multiple studies have found the return on investment to be \$7 - \$13 for every \$1 invested due to the improved outcomes and earnings of all participants.

Investing in child care is a critical piece of closing the gender pay gap. It provides important “in-kind” support to mostly female-headed households and promotes upward economic mobility. It supports and boosts women participation in the workforce which benefits the entire economy and drives pay equity by giving more women a voice in determining salaries.

Thank you for your time.