Needs, Quality, and an Effective Child Care Workforce
In a Growing Gig Economy
Reflections and Observations

National League of Cities Early Learning Nation

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Childcare Needs in the Gig Economy

A growing “gig” economy is placing new demands on families and children, their need for quality child care, and a workforce that matches these needs. The gig economy is characterized by lower wages; fewer benefits (if any); rigid hours and deadlines; and short-term, “as needed” employment rather than permanent jobs. High levels of uncertainty are commonplace, whether a person has a 2-year, well-paying contract, is on call at the will of the employer, or isn’t sure week-to-week the number of hours they will be called to work. Many people are cobbling together 2 or 3 “gigs” in order to generate sufficient income.

The gig economy is one of the major economic trends flagged by many think tanks. According to Fast Company, as much as 35% of the US workforce is working freelance jobs, with 81% expressing interest in doing so—if it would enable them to increase their income. Even though jobs have become more plentiful in some states, those improvements have been quite uneven and particular to certain industries. According to the 2017 OECD Employment Outlook, low and middle income wages in the US continue to stagnate. Job growth has increased most for low-skill and high skill jobs. Middle income jobs continue to decline.

Families who are part of a flexible workforce with falling or stagnant wages, uncertain hours, and little job security will have a much broader range of child care needs, whether they are low or middle income. They will need fulltime and part-time care, over-night care, short-term emergency care, situational care, as well as long-term care over a period of years. To meet these needs, they will need a full range of high quality choices, including childcare centers, childcare homes, and family, friend, and neighbor (FFN) care.

Finding affordable childcare is a major challenge for many families, because of stagnant or falling salaries and wages. From 2000 to 2014 the share of adults living in middle-income households fell in 203 of the 229 U.S. metropolitan areas examined in a new Pew Research Center analysis of government data. At the same time, One-hundred-sixty metropolitan areas reported an increase in low-income households. In addition, 33% of children in the US live in households with a high housing cost burden.
According to the Forum on Family and Child Statistics (www.childstats.gov), in 2013, half of the 0-4 child population was composed of children of color. Children of color are predicted by demographers to be the majority by 2020—a change that is a long-standing fact in many cities. Nationally, 21% of those children are living in households with incomes below the poverty line. The child poverty rate among whites is 12%; among African Americans, 36%; among Native Americans, 34%; and among Hispanics, 31%.

This clash between an expanding range of needs and pressing economic constraints affects both middle and low-income families. Current trends suggest that these constraints are likely to continue and perhaps even worsen. It is requiring us to rethink fundamental ideas about childcare and the workforce that provides it.

**Child Care Settings Nested in Different Economies**

Childcare and family and community wellbeing are inextricably linked, both economically and socially. The childcare settings required by families are nested in different economies—often parallel and invisible to each other. They are an integral part of the strategies that families and communities have developed to cope, survive, and thrive. By understanding these different types of economies and how they function, cities can help to improve the wellbeing of children and families as they learn how to recognize, connect to, and strengthen community-based economic infrastructure. Strengthening community-based economic infrastructure is key to stimulating new and existing entrepreneurship, expanding local businesses, and growing the city tax base.

There are 3 types of economies in which childcare is nested: The formal economy; the informal, non-cash economy, and the hybrid formal and informal economy

**The formal economy** – A cash based economy in which there are fixed and explicit agreements regarding the specific services to be provided, the cost of those services, the obligations of the parents, as well as the time and place at which services are to be provided. The amount of subsidies and the conditions under which they are provided, if any, are defined. There is a written contract or agreement. Childcare centers are an example of childcare nested in the formal economy.

**The informal or non-cash economy**—An economy in which relationships or social capital are a primary means of obtaining goods and services. The relationships or social capital can be with a specific person or more general in nature. For example, a favor can be done for a particular individual with the understanding that the person will then reciprocate at some later time. Or a service can be done for the community in general, with the understanding that a service done for all will also be
reciprocated by quality-of-life improvements that will benefit all. Children cared for by family members (like a grandparent or older sibling) or close friends trading childcare with each other, without expectation of payment, are examples of childcare nested in the informal, non-cash economy. A person who starts or regularly volunteers in a church sponsored children’s program is an example of social capital that is given to the community in general.

**Hybrid formal and informal economy**—An economy in which both cash and relationships are used in various combinations. The cash used is never the full value required in the formal economy for a particular service. Sometimes it is used as a symbolic gesture, a measure of respect, or, in some instances, a special gift to complement other primary services that are freely given. It is related to, but not a *quid pro quo* for a service or favor given. A surprise gift of a couple of hundred dollars along with regularly running errands or house cleaning for an Auntie or grandparent who has been helping with childcare is an example of childcare nested in a hybrid formal and informal economy.

**Achieving Quality in Childcare Settings with Different Workforce Needs**

Each of these childcare settings and economies has its own workforce with the skills and characteristics preferred by its users. Many families prefer to place very young children in the care of trusted family members and friends who share their values, and culture. The Annie E. Casey Foundation Kids Count 2017 reports that 53% of young children are not in formal care.

The quality of childcare can range from excellent to poor in any of these settings. One cannot assume that childcare in any given setting is, by definition, superior to care in another. Much depends upon the preferences of parents and the particular skills they are looking for in caregivers. Many parents prioritize character development, resiliency, and the development of social capital that can benefit their children over a lifetime. Culture, cost, and access are major considerations.

The skills that help children with character development, resiliency, and social capital are not found equally in all settings. For example, a formal setting may focus on preparing children to enter kindergarten, a highly desirable goal for many families. It’s director and lead staff may have college degrees. They may not, however, be bilingual. They may not understand the complex social networks in the community that help families sustain themselves economically.

If they do not share the child’s cultural or ethnic background, they may not be able to help the child to develop a positive sense of self or the skills needed to navigate a sometimes hostile environment, or the internal strength to overcome implicit and explicit biases in the larger world—or the classroom. These are important knowledge and skills that may not be addressed or even recognized in many college
and university early education programs. They may, however, be critically important to families.

**Expanding Our View and Definition of Workforce**

When we consider ways of improving the quality and effectiveness of the childcare workforce as well as increasing access, our concept and definition of workforce has to expand to include both formal and informal arrangements. We have to listen to the voices of families regarding their preferences, and we need to learn from the solutions that families and communities themselves have developed. There are many examples of parents with low levels of formal education and meager incomes whose children are successful professionals. Their methods and strategies should be recognized, studied, shared and adapted.

Family—particularly grandparents and older siblings—extended family, and close friends often play a major role in lives of young children. Deeply rooted community institutions, such as churches, synagogues, temples, and mosques and various social organizations are also critically important. These relationships and connections form an infrastructure of support for children and families with a reach that can be local, national, and international. They are the glue that holds communities together.

Ann Mastenson, PhD, conducted a 20-year longitudinal study on resiliency in disadvantaged youth identified essential protective factors for children, calls these relationships and the community institutions that support them “ordinary magic.” That “ordinary magic” is sustained to a great degree by the operations of the 3 economies.

In recent years, a great deal of attention has been given to the formal childcare economy—particularly as more public dollars are invested. Much progress has been made in professionalizing formal childcare. Most states and national accrediting organizations require some type of credential, up to and including BA degrees. Many states have implemented quality rating scales by which early childcare programs are assessed. Accreditations, credentials, and assessments are also required for certain types or levels of public subsidies. These improvements have been of great benefit to families who prefer childcare in formal settings.

A perhaps unintended consequence, however, has been to reduce the number of formal childcare providers of color. The professional childcare workforce is well on its way to resembling the K-12 workforce. It’s directors and lead teachers are overwhelmingly white and female. Assistant teachers with fewer formal credentials may match the racial demographics of the children and have more knowledge about the community, but are paid substantially less. Turn-over among assistant teachers tends to be high.
Many families of color are forced to choose between transmitting important cultural values, deepening their connections within their social networks, positive identity formation for their children, or receiving childcare subsidies that are only available for accredited and formally rated high-quality care. The cost of formal high-quality childcare has to be heavily subsidized. Without subsidies, it is beyond the reach of most families with young children.

Much less attention has been given to improving quality in settings that are part of the informal or hybrid economies. Strategies for improvements in these settings would lend themselves better to a public health model. A public health model would focus on making information broadly accessible at a low cost. Families, however they may define themselves, including older siblings, grandparents, aunties and cousins, could all access information. The information provided can be theoretical, experiential, and practical. Opportunities are built in for peer learning, as well as for recognizing, examining, and building on prior knowledge and experience.

A multipronged approach with strategies that support care in formal settings as well as those in informal and hybrid settings can strengthen community cohesion, improve the quality of care, and raise the skills of the workforce in all settings. It uses an asset-based lens, recognizing that formal, informal, and hybrid economies are all part of a whole community. These childcare settings in three economies represent effective community-based solutions for families that are under financial pressure and are looking for childcare solutions that work best for them.

The relationship between childcare settings, their workforces, and the economies in which they function [See Equitable Benefits graphic]

Understanding the relationship between these childcare settings, their workforces, and the economies in which they function can be a key to family and community stability and economic growth for cities.

The Equitable Benefits Graphic, Appendix 1, illustrates these relationships and the positive impacts when community-based solutions are recognized and an asset based lens is used. It also shows what can happen with a deficit lens.

Communities have many different assets: families, businesses, land, institutions, professionals, young people, children, money, organizations, relationships, networks, academicians. There are a range of community voices that can participate in framing issues of concern. Using an asset based lens, these issues as framed by the community become central to informing public policy and foundation investments. Systems that are generated and or heavily influenced by public policy and philanthropic investments then adapt in response to this new information. New programs, products, and services are created or old ones are reformulated. More
jobs are created in the community, because community voices helped to frame the issue and inform public policies and investments. The expertise and capacities of community-based individuals, businesses, organizations, and institutions are recognized and built upon through contracts, jobs, and grants. External jobs are also created and/or redesigned as the benefits of working with communities to frame issues and create solutions are recognized.

When a deficit lens is used, the voices of the community are not invited to frame an issue. No community voices are carried forward to inform public policy or foundation investments. Existing systems are reinforced, and there are no innovations in response to community assets and interests. Nor is there recognition of community-based expertise or capacity. Programs, products, and services are created that compete with and displace community expertise. Positive impacts are short lived, and the community is further weakened with each new intervention.

**Using the Equitable Benefits Model to improve the quality of childcare and create an effective workforce**

**Principle:** Community voices frame issues.

**Application:** Communities are consulted via town halls, forums, or other mechanisms to determine what community members are already doing in childcare that is working well for them. The convener can be a trusted institution or organization that is rooted in the community. Participants include parents, family members of different ages, and a cross section of businesses, organizations, and institutions. Participants are also asked how childcare related solutions that are working well can be improved and expanded.

**Principle:** Public policies and foundation investments are informed by community voices

**Application:** A report on what is working well and how community residents think their solutions can be improved and expanded is given to relevant city departments and to foundations that are making philanthropic investments in those areas.

Departments are asked in incorporate these ideas as much as possible into their planning processes and to identify policies, procedures, and practices that may be barriers. Some procedures and practices may be easily changed at the departmental level. Policy changes, on the other hand, can be far more complex and may require building public will.
**Principle:** Systems adapt

**Application:** Relevant city departments adjust their practices and procedures to remove barriers and to create greater access, so that community child care solutions that are working well are not thwarted. City contracts whose purposes are to support the quality childcare and the improvement of the childcare workforce are redesigned so that smaller, community-based organizations and institutions can compete for them.

**Principle:** Innovations and adaptations in programs, products and services emerge.

**Application:** Innovations and adaptations in childcare programs, products, and services draw from community models. The innovations and adaptations utilize the skills and expertise of the people, institutions, and organizations within the community that helped to develop the models. City and philanthropic contracts and grants enable them to expand and systematize.

**Principle:** Jobs both internal and external to the community are created.

**Application:** The expansion and systemization of community models lead to the creation of jobs and the expansion of businesses within the community. City agencies and philanthropic organizations discover the value of supporting community-based solutions as a job creation and workforce development strategy. They hire individuals and contract with organizations that can bring this perspective and expertise to their planning processes, design of initiatives, implementation strategies and evaluation and assessments of impact.

Applying these asset-based principles strengthens communities and increases value. It also generates new knowledge that is shared by communities, city government, philanthropic institutions, and businesses forging deeper understanding and better relationships.

**Taking a Holistic View**

The “Equitable Benefits” Model promotes a holistic view. Children exist in families who exist in communities. Those communities can have extensive intergenerational ties as well as effective solutions to challenges they face with significant implications for economic growth and development. It is crucial to understand, respect, and nurture their ties and solutions. They are essential to wellbeing and economic opportunity.

It is important to act now. Cities are under more financial stress than ever before. Their tax bases and pension obligations are becoming more dependent upon the
economic success of populations of color. Children of color, now four and under, will be looking to enter the workforce in 15 years or less. What are they likely to find?

Nationally, small businesses generate more jobs than large or mid-size businesses. Business development and business expansion, however, is not happening quickly enough in many communities of color. Yet, entrepreneurial activity is pervasive in informal and hybrid economies—responding to community needs and interests. These activities are unrecognized, hampered by unnecessary policies and restrictions, and disconnected from public sector supports that could enable them to grow and expand.

Public and private partnerships are essential to nurturing, supporting, and expanding community-based solutions—transforming them into sustainable businesses. Public sector contracts and private philanthropic grants are important tools. (The strongest sectors in the US economy are those that receive the largest and most plentiful public contracts and grants: defense, health, and education.) Reviewing policies and procedures for competitive contracts and grants, and for accessing services, can help eliminate barriers to smaller community-based businesses, organizations, and institutions.

Allies and Partners in Family Wellbeing

Finding allies across sectors is critical. Some businesses have a vested interest in the wellbeing of families. For example, the viability of health insurance companies depends upon the good health of the majority of their customers. Having the right mix of young healthy customers with older and/or sicker customers is key to their business model. Health statistics for younger people have been stagnant or declining. Health insurance companies have a vested interest in improving health outcomes at the population level.

For example, Blue Cross Blue Shield of Minnesota, through their Center for Prevention, has been partnering with a Latino family, friend, and neighbor care group in the city of Richfield to support the wellbeing of children and their families—in ways that are determined by the community. Their foundation is also supporting the African American Babies Project which is working in partnership with African American health professionals, including Ahavah Birthworks. Founded and staffed by two African American doulas, Ahavah Birthworks focuses on improving birth outcomes and maternal and child health for women of African descent. Ahavah has an impressive track record. While in 2015 almost 8% of black babies born in Hennepin county were low weight* (less than 5.5 pounds), 98% of the pregnancies served by Ahavah delivered babies at term with weights over 6 pounds. In 2015, over 25% of births in Hennepin County were cesarean deliveries.** Out of 75
deliveries, Ahavah had only 2 cesareans, a rate of 2%. These kind of outcomes will directly impact Blue Cross Blue Shield’s bottom line.

Organizations like Ahavah Birthworks are located in African American communities. If they had the resources (contracts and/or grants), they could expand, hire more administrative staff and more doulas, conduct more family sessions on family health, and hire more trainers. They could dramatically increase their impact, which would benefit Blue Cross Blue Shield and the community.

Public health departments in cities, counties, hospitals and universities can also benefit through contracts with community-based organizations, institutions, and businesses. When the goal is to change health practices and improve outcomes, community-based organizations and businesses have valuable knowledge, experience, and access. Their approaches can make the design and delivery of public services more effective, while reforming deficit oriented methodologies, assumptions, and practices.

Pathways to the Future

For many low-income communities, future trends are already present realities.

- The formal economy is no longer producing sufficient employment to be the dominant force in how one’s life is organized.
- Cutbacks in public and social services and threats to retirement benefits are creating a greater need to rely upon family, friends, and community.
- Resources that were once associated with individuals are financially out of reach and now must be shared, e.g. cars, homes, some large appliances, entertainment.
- The care of young children and older relatives is too expensive to be purchased.

While these realities are affecting growing numbers of low- and middle-income people, many city services, practices, and procedures are organized and delivered to address demographic and economic conditions that prevailed 30-40 years ago. State Demographic Centers can be important resources to cities during their planning processes. Universities and think tanks can be called upon as well to tailor information to meet the specific needs of city departments and to better understand the impact of particular policy and budgetary decisions on the workforce, specific population groups, and business development. If cities are to grow their tax bases, these impacts must be clearly understood before policies are adopted and implemented.

Engaging with think tanks and organizations that focus on future trends and their implications is also important. With instantaneous digital communication and more mobile populations, change happens more quickly than ever. The very nature of
work—even what is considered “work” is shifting. Artificial intelligence, the rising importance of hands-on personal services, and immediate access to information and a global workforce through the internet are creating opportunities and challenges that we are only beginning to understand.

These opportunities and challenges will affect not only city populations, but the way city government is organized, how various services are delivered, and how departments and divisions are managed. Brooks Rainwater, Director of the Center for City Solutions and Applied Research at the National League of Cities, suggests 8 strategies cities should consider:

- Rethink education and workforce training programs.
- Update policies to reflect the changing composition of the workforce.
- Support entrepreneurs and startups as a core workforce development strategy.
- Build equitable business development programs.
- Invest in digital and physical infrastructure that supports the workforce of tomorrow.
- Ensure access to paid leave for families.
- Consider offering portable benefit systems.
- Consider basic income and other broad-based social support systems.

In addition, Dusty Brighton, Vice President of State Government Affairs for the Internet Association, suggests in his blog “Let the Sharing Economy Thrive” advises cities to eliminate “outdated rules that prevent competition in favor of incumbent industries.” The sharing economy is already a well-established feature of community-based informal and hybrid formal and informal economies.

These strategies can respond directly to the challenges that will affect children, families, communities and the futures of many cities. Applying them to a framework that acknowledges the coexistence of the 3 economies—formal, informal, and hybrid--and connects them with intentionality can contribute to the wellbeing of all.
Summary of Observations and Recommendations

Observations

A Holistic View

- Child care and the childcare workforce have to be understood as integral parts of the life of a community.
- High quality child care must be structured to meet the needs and preferences of many different families, who want a full range of choices.
- Child care cannot be viewed as separate from the relational ties and entrepreneurial expressions within communities.

An Essential Drive Toward Equity

For the first time...

- outside of natural disasters, a critical mass of middle class and low-income communities are being similarly affected by the same global forces, creating economic and social commonalities across racial and cultural differences.
- because of demographic changes and uncertainties related to pensions and retirement benefits, the wellbeing of older white Americans will depend to a great degree upon the economic success of children of color.
- cities will not be financially viable in the foreseeable future without the robust participation of people of color in local economies, as entrepreneurs and higher wage earners.

Recommendations to Cities

- Review processes and procedures in departments that most affect children, families, and communities to eliminate barriers to access, responsiveness, flexibility and innovation.
- Conduct studies to determine the impact of key policies and practices on families in different racial populations.
- Create methods for getting user feedback from families and communities on the accessibility and responsiveness of city services. Recognize and reward those departments, divisions, or sections that receive high marks.
- Ensure that all communities have access to affordable internet service, because the internet is essential to growth and development.
➢ Consider how the city can encourage other public entities—like public school systems, county health departments, and hospitals—to contract with community-based businesses, organizations and institutions to achieve their goals.

➢ Establish a community solutions fund to which community-based businesses (including childcare and ancillary services), organizations, and institutions can apply to identify, formalize, and expand entrepreneurial services that are working well to support families in their choices of childcare.

*https://mn.gov/admin/demography/search/?query=Hennepin+County+low+birth+weight
Appendix 1: Equitable Benefits Model

Equitable Benefits Model

Asset Lens
Strengthens families and communities

- children
- young adults
- men & women
- Intergenerational knowledge
- academicians
- skills

COMMUNITY ASSETS

- businesses
- property
- relationships
- networks
- institutions
- organizations

Deficit Lens
Competes with and displaces community assets

- Existing systems reinforced
- Public policies and foundation investments
- Exclusionary frame and action

Public policies and foundation investments
Systems adapt

Value in
External jobs

Value out
Internal and external jobs

Improved programs, services, products

Participatory collaborative frame and action