The COVID-19 pandemic has highlighted the severe limitations to access and availability of child care in Wisconsin. COVID did not cause these issues. Rather, it exacerbated the limitations of an already strained system. Over the last 15 years, the landscape of child care access in Wisconsin is highlighted by regional declines in capacity, as well as significant variation in availability among types of providers. Many families across the state struggle to find child care that is affordable and fits their needs. The pandemic has brought renewed attention to a child care system that has been struggling for many years. The rationale to bolster this struggling system: it is well established that high-quality and affordable early care and education (ECE) promotes both children’s development and parental employment.

This brief outlines the different types of care provided in Wisconsin, who is providing that care, and trends in access and availability that have emerged over time. This information is primarily taken from a series of reports released in November of 2021 by the Wisconsin Department of Children and Families (DCF) as part of the Preschool Development Grant (PDG) activities. Those reports find that, while overall child care capacity remained relatively stable between 2005 and 2019, licensed family child care capacity has decreased by nearly 51% over that time. This brief contains foundational information about both licensed family child care and center-based care, as well as issues specific to family providers.

Accompanying issue briefs will further explore the challenges faced by center-based providers (e.g., high turnover) and possible policy solutions to address the challenges faced by both types of providers.

Key Takeaways
- Licensed family child care capacity has declined 51% since 2005, with a pronounced effect in rural areas.
- Licensed family child care providers work on average 60 hours per week per week, for $7.46 per hour. The median monthly wage for a Wisconsin worker with a high-school education was roughly $15.87 per hour in 2016.
- Fifty percent of center-based teachers and 37% of family child care providers plan to leave the field within five years.

What types of child care are offered in Wisconsin, and who is providing that care?

Understanding the different types of care available to families is important when examining
the state of child care access and availability in Wisconsin. Numerous regulations apply to different types of providers, often based on the setting where care is offered and the qualifications of the provider. The two primary types of providers, both in Wisconsin and nationwide, are center-based care providers and licensed family child care providers. Parents, particularly those with very young children, also utilize family members and indi-

### Table 1: Wisconsin Workforce Demographics — Statewide Averages

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Family Providers</th>
<th>Center-based Teachers</th>
<th>All Wisconsin Workers*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>51</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>99.6%</td>
<td>97.6%</td>
<td>51.7%</td>
</tr>
<tr>
<td>Other</td>
<td>0.4%</td>
<td>2.4%</td>
<td>48.3%</td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>68%</td>
<td>83%</td>
<td>87%</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>21%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Median hourly wage</td>
<td>$7.46</td>
<td>$12.99</td>
<td>$19.24</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school or less</td>
<td>18%</td>
<td>17%</td>
<td>30%</td>
</tr>
<tr>
<td>Some college or Associate’s degree</td>
<td>66%</td>
<td>55%</td>
<td>33%</td>
</tr>
<tr>
<td>Bachelor’s degree or more</td>
<td>16%</td>
<td>28%</td>
<td>37%</td>
</tr>
<tr>
<td>Health Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-Pocket/Employer</td>
<td>24%</td>
<td>20%</td>
<td>86%†</td>
</tr>
<tr>
<td>Spouse</td>
<td>38%</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>BadgerCare Plus, Medicare</td>
<td>27%</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>No Insurance</td>
<td>8%</td>
<td>12%</td>
<td>7%</td>
</tr>
</tbody>
</table>

* Data for Wisconsin workers was compiled using multiple tables from the 2019 American Community Survey (ACS) 1-Year and the 2015 ACS 5-Year Estimates produced by the U.S. Census Bureau, as well as information from the DCF PDG survey. As such, the population age ranges may differ between demographic categories (e.g. Education includes workers aged 25 to 64, while Health Insurance includes workers aged 19 to 64)
† Includes all of private insurance (i.e. out of pocket, employer, spouse)
individual, non-relative providers, like nannies, to provide care.²

Center-Based Care Versus Licensed Family Child Care: Overview

Center-based care is provided in larger group settings and includes private centers, public pre-kindergarten (Pre-K), and Head Start. At older child age ranges, maximum group sizes can reach up to 36 children.³ Center-based care is typically provided by larger organizations, with more employees and larger facilities. Center-based facilities typically operate during normal working hours, with limited flexibility for parents who require care during nights and weekends. Due to the larger facilities and staff, center-based providers require larger enrollment numbers to cover overhead costs. As a result, most center-based providers are located in urban or suburban areas, with relatively few facilities operating in rural areas of the state.

Licensed family child care, as the name indicates, is provided by individual providers at their place of residence. Family child care has much smaller group sizes than center-based care. Even in the older child age ranges, family child care providers cannot provide care to more than eight children at one time, including their own. While capacity-per-provider is lower than center-based care, family providers often offer more flexible care arrangements and are typically preferred by parents of infants and toddlers for that reason.⁴ Some families may also use family members and other informal sources of child care, particularly when children are very young. However, licensed family child care and center-based care are the primary child care options for most parents.

Center-Based Care Versus Licensed Family Child Care: Workforce Demographics

The ECE workforce in Wisconsin, as is the case nationally, is overwhelmingly made up of women – nearly 100% of the workforce identified themselves as female in the PDG survey. There are some broad differences in the demographic makeup of center-based and family child care providers, which are provided in detail in Table 1. Generally, family providers are more diverse than both center-based providers and Wisconsin workers overall. They are also generally older and earn a lower effective wage than their center-based counterparts.

Center-Based Care Versus Licensed Family Child Care: Primary Challenges

It is important to note that the underlying issues faced by these two types of providers are similar but result in different challenges. Licensed family child care providers show a strong commitment to the field, despite facing significant challenges with burnout, well-being, and financial insecurity. In Wisconsin, the typical family provider is 51 years old and works 60 hours per week with a net monthly income of only $1,790 ($7.46 per hour), yet over 60% reported that they do not intend to leave the field within the next five years.⁵ This indicates that closures due to financial difficulties and an aging workforce are the primary challenge facing this segment of the industry, which results in a lack of availability for parents and families that rely more heavily on family child care.

In contrast, the primary challenge facing center-based providers in Wisconsin is high levels of teacher turnover. Twenty-eight percent of center-based teachers plan to leave the ECE
workforce within the next two years, and 50% plan to leave within the next five years. The reason for this turnover, according to teachers, is a desire for jobs that pay more, with better benefits, and more opportunity for advancement. This high turnover has negative impacts on the stability of center-based providers and the quality of care available to children and families.

**Figure 1: Child Care Availability in Wisconsin (UW–Madison Applied Population Lab)**

Green and blue dots indicate areas where child care availability is relatively good (0-3 children per spot). Orange dots indicate where child care availability is lacking (>3 children per available spot). Grey indicates no children in need of care in that area. [View the interactive map.](#)
What does child care access look like across the state?

A recent analysis by the UW–Madison Applied Population Lab (APL), in partnership with the Wisconsin DCF, took a detailed look at the number of available child care spots within a reasonable driving distance* from families with children. The results show significant regional variation in the availability of child care. On average, rural areas have much lower availability than urban areas. Rural areas have 1 child care spot for every 3.4 children. In contrast, statewide, urban areas have 1 child care spot for every 1.7 children.

The high degree of variation in child care availability across the state illustrates that families in different geographic regions experience very different realities when it comes to finding care for their children. In general, families in rural areas have fewer child care spots available to them compared to families living in urban areas. However, the UW-Madison APL analysis does not take the cost of child care into account. Even in areas where the child-per-spot ratios are more favorable, like North Milwaukee, families still may not be able to afford the child care spots that are available. Child-per-spot ratios in North Milwaukee are some of the lowest in the state, however, many families still cannot access care in that area because the child care prices are so high.

Why are there so few child care spots available in rural areas?

Between 2005 and 2019, the statewide capacity of all licensed child care providers remained relatively stable with a decline of 2,468 spots (from 155,482 in 2005 to 153,014 in 2019)† for children under the age of 5 years old. However, the relative stability in overall capacity masks a large and steady decline in capacity among licensed family providers, as well as broader declines in rural areas over time.

Capacity among licensed family child care providers has decreased by nearly 51% since 2005

Breaking out capacity over time by provider type reveals significant declines in family providers. While the number of licensed spots in center-based care has increased over time, capacity among licensed family child care providers has decreased by nearly 51% since 2005.

* “Reasonable driving distance” refers to a 20-minute drive time, which was the unit of analysis used in the UW-Madison APL analysis
† Only includes spots at licensed settings
2005. This decline is concerning for families living where family child care arrangements are the primary child care option, families in need of flexible care arrangements, and families with infants and toddlers. Family child care is often more attractive than center-based care for families that require flexibility in order to work. The standard hours of center-based care may not match the hours these parents work, forcing them to forgo wages if they cannot find friends or family to take care of their child. But though family child care is often more flexible, finding care during nights and weekends is challenging regardless of provider type.

The declines in licensed family child care capacity are particularly concerning for rural areas of the state. People living in rural areas of the state are spread out over large areas, making it difficult to sustain child care centers. Rural areas typically lack the population density to support a child care center. This means that family child care is often the only viable option for residents in rural areas, outside of relying on family members and friends for care.

Why are we seeing such large declines in family child care?

The significant decline in licensed family child care capacity is likely driven by the closure of family child care sites and fewer new sites opening. Family providers are small businesses, and when an individual decides to exit the field, the business as a whole shuts down. This is in contrast to center-based providers, which...
can stay open while they search for a replacement teacher. As the figures below show, while the number of openings and closures per year in licensed center-based facilities have been similar, in family child care closures have out-numbered openings.

The higher rates of closures and relatively few openings among family child care sites compared to center-based care sites is likely caused by a combination of factors.

First, retirements are likely a driving factor. While many family providers show a strong commitment to the field, they are older than center-based counterparts. Eighteen percent of family providers will be leaving the field because they plan to retire within the next five years. These retirements, combined with fewer new family providers entering the market, may be contributing the overall decline in family child care capacity.

Second, low wages and challenging work likely play a factor in licensed family child care providers choosing to close or find jobs in other industries. On average, family providers work very long hours, for very low wages. The PDG reports released in 2021 found that family providers work an average of 60 hours per week, with median monthly income of $1,790. Given the hours worked and the income they report, family child care providers are earning the equivalent of $7.46 per hour. In contrast, the median monthly wage for a Wisconsin worker with a high-school education was roughly $2,750, or $15.87 per hour, in 2016. Thirteen percent of family providers plan to leave the field for jobs with better compensation and more opportunities, and another seven percent plan to leave for a less stressful job.

Increases in regulations and the expansion of school-based 4-year-old kindergarten programs (4K) may also be contributing to the
decline in licensed family child care providers. The rollout of the YoungStar program in 2010 increased the regulations for licensed child care providers and established standard Wisconsin Shares reimbursement rates. Since 2010, additional regulations have been added in an effort to improve the quality of child care across the state. A 2021 multi-state study examining licensed family child care in California, Florida, Massachusetts, and Wisconsin found that complicated and misaligned regulations contributed to family providers’ decisions to exit the regulated child care market. In the study, family providers in Wisconsin reported that the costs and burdens associated with increased requirements, combined with low pay, contributed to their decision to close their site. Wisconsin providers also reported that the child care regulations and standards did not fit with the realities of family child care. As one provider stated, “What happens in the center can’t always happen in a home. What happens in a home can’t always happen in a center. You need separate guidelines, separate rules...and they want to do this one size fits all.”

At roughly the same time, starting in the late 2000’s, school-based 4K programs became more prevalent. Evidence from New York has shown that the expansion of these 4K programs may be contributing to the decline of both family providers and center-based ECE. Family providers and center-based providers have much lower operating costs for the care of older children, due to the higher allowable teacher-to-child ratios. For many of these providers, the lower cost of care for older children “subsidizes” the higher care costs for infants and toddlers. As 4K programs become more prevalent, children that would have attended family and center-based sites may instead be going to school-based and community 4K programs, impacting providers’ operating margins.
Why is the cost of child care so high, and why are providers struggling financially?

Both family providers and center-based providers face significant challenges with financial stability. Parents, as well as the general public, often wonder how child care can be so expensive, yet individual providers earn so little. The reality is that child care is very expensive to provide, requiring low teacher-to-child ratios in order to offer high-quality programming that promotes cognitive development and prepares children for school.

For the youngest age group, birth-to-two years old, both family providers and center-based providers must have one staff member for every four children to maintain their licensed status. This means that for infants and toddlers, providers must charge each parent enough to cover 25% of the teacher’s salary and benefits...
of the median Wisconsin worker, many ECE providers plan to leave the field. In Wisconsin, 50% of center-based teachers and 37% of family providers plan to leave the field within five years.\textsuperscript{17}

\textbf{S}ummary

The recent work conducted by UW-Madison researchers and DCF provides a picture of a child care system that has been stressed for many years. While the issues facing the child care system vary across the state, both licensed family child care and center-based care providers are struggling. Both segments of the industry are finding it difficult to provide affordable care while maintaining regulatory compliance, retaining staff, and paying for basic business expenses. Rural families are uniquely challenged by the closure of family providers, which is having a detrimental impact on access and availability in these areas. Policy interventions are needed to ensure adequate child care access throughout the state. The accompanying issue brief, \textit{ECE in Wisconsin: Policy Solutions}, examines possible solutions in more detail.

The Wisconsin Family Impact Seminars are an initiative of the La Follette School of Public Affairs, with support from the University of Wisconsin–Madison Chancellor’s Office and Phyllis M. Northway Fund.

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