

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## **BILL 42-21: CHILD CARE —EARLY CARE AND EDUCATION— COORDINATING ENTITY — ESTABLISHED**

### **SUMMARY**

The Office of Legislative Oversight (OLO) anticipates that Bill 42-21 could help narrow racial and social inequities in early care and education if additional resources that make high-quality childcare and early education programs affordable for low- and moderate-income families accompany this bill. In turn, the magnitude of this bill's impact on RESJ depends on the availability of additional resources aimed at increasing the affordability of high-quality early care and education.

---

### **PURPOSE OF RESJ IMPACT STATEMENT**

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.<sup>2</sup>

---

### **PURPOSE OF BILL 42-21**

The intended goal of Bill 42-21 is to improve the County's childcare and early education sector by establishing a nonprofit early care and education (ECE) coordinating entity that will provide leadership for improving the sector. Toward this end, Bill 42-21 specifies that the ECE entity would have 13 ex-officio government officials and 12 private sector members that would include parents, employers and ECE providers.<sup>3</sup> The ECE entity would be responsible for developing recommendations for increasing the availability of and access to high quality early childcare and education programs in the County. The ECE entity would also be responsible for adopting and implementing a RESJ policy consistent with the County's RESJ law. In its role as the convener of County stakeholders to develop a consensus for developing the County's ECE sector, the ECE entity, however, would be prohibited from delivering direct services to children and families as a childcare or educational services provider.

Bill 42-21 is consistent Montgomery Moving Forward's recommendations for the County to designate a public-private ECE entity in the County.<sup>4</sup> Bill 42-21 is also consistent with the County's Economic Development Platform.<sup>5</sup> Bill 42-21 was introduced to the Council on November 9, 2021.

---

### **ECONOMIC OPPORTUNITY, CHILD CARE, AND RACIAL EQUITY**

Understanding the impact of Bill 42-21 on racial equity and social justice requires understanding the historical context that shapes economic opportunity and the availability of childcare services and quality early childhood educational opportunities today. To describe this historical context, this section describes the historical drivers of racial inequities in economic opportunity and childcare and available data both nationally and locally.

# RESJ Impact Statement

## Bill 42-21

**Inequities in Economic Opportunity.** Historically inequitable policies have fostered racial and ethnic inequities in economic development among business owners and employees. As noted by the Federal Reserve Bank of Boston:<sup>6</sup>

*“(T)he practices and policies that laid the groundwork for and built the U.S. were explicitly designed to ensure an absolute accumulation of intergenerational wealth and concentrated power for white people, particularly men. A legacy of land theft, slavery, racial segregation, disenfranchisement, and other exclusive policies against Black and Indigenous people and people of color produced a racialized economy that decimated these communities and intentionally barred survivors and descendants from building wealth, socioeconomic well-being and resilience.”*

Historic and current inequities in economic opportunity result in sizable disparities in business ownership by race and ethnicity. Nationally, Black and Latinx residents represent about 28 percent of the population, but only eight percent of the nation’s business owners with employees.<sup>7</sup> Locally, Black and Latinx firms each accounted for 15 percent of firms in 2012 and Asian firms accounted for 14 percent of firms, yet Asian firms accounted for only four percent of business revenue, Black firms accounted for 1.7% of business revenue, and Latinx firms accounted for 1.5% of business revenue.<sup>8</sup>

Economic inequities also foster racial and ethnic disparities in employment, income, and poverty. Nearly two-thirds (64 and 62 percent) of White and Asian residents in Montgomery County were employed in management, business, science and arts occupations in 2017 while less than half of Black residents (45 percent) and only a quarter of Latinx residents were employed in such positions.<sup>9</sup> This contributes to disparities in incomes by race and ethnicity where the median household income for White families in Montgomery County was \$119,000 and Asian families was \$109,000 compared to \$73,000 for Black households and \$72,000 for Latinx households in 2017.<sup>10</sup> Economic inequities also foster disparities in poverty rates by race and ethnicity where three percent of White residents and six percent of Asian residents lived in poverty in 2019 compared to 12 percent of Black residents and 13 percent of Latinx residents.<sup>11</sup>

**Inequities in Child Care.** Historically, inequitable policies and practices have fostered inequities in childcare by race and ethnicity among businesses and their employees as well as among client families and children. These inequities are driven by a lack of public investment in early childcare that is rooted in the racialized history of Black women bearing the burden of domestic work and childcare through slavery and Jim Crow. A description of how this legacy shapes inequity by race and ethnicity among childcare providers, access, and outcomes follows.

***Childcare Providers and Caregivers.*** Unlike most developed nations, the U.S. for the most part has not treated the care of its youngest children as a public good worthy of significant public investment, especially in relation to K-12 public education.<sup>12</sup> Whereas K-12 is seen as part of the public good, childcare has been viewed as part of the service industry.<sup>13</sup> The public undervaluing of childcare and its workforce is rooted in a history of race, gender, class, and nativism.<sup>14</sup> More than 90 percent of childcare workers are female and nearly half (45 percent) are people of color.<sup>15</sup> People of color are also concentrated among childcare providers as half of childcare business owners are minority-owned.<sup>16</sup>

The undervaluing of childcare makes it difficult for childcare providers and workers to achieve financial stability. Nationally, about 10 percent of programs have closed permanently since the start of the pandemic.<sup>17</sup> Further, four in five childcare operators suffered from a staffing shortage this summer and more than a third of early childhood educators reported they were considering leaving their programs, or the field itself, within the next year – a figure that increases to 55 percent at minority-owned businesses.<sup>18</sup> A large proportion of the field has also worked in poorly paid jobs with substandard or no benefits. In 2013, childcare workers earned an average of \$10 per hour. Preschool teachers fared better at \$15.11 per hour. In comparison, kindergarten teachers earned \$25.40 per hour.<sup>19</sup> Further, a national survey found that nearly half of childcare workers received public assistance.<sup>20</sup> Without [TE1] sufficient government support for childcare, “women of color have been subsidizing the entire system by taking very low wages.”<sup>21</sup>

# RESJ Impact Statement

## Bill 42-21

The government usually subsidizes early childhood education for low-income families who receive state-funded vouchers or subsidies. While many states and cities have also created or expanded pre-K programs, collectively these programs only serve 44 percent of eligible four-year-olds and 17 percent of eligible three-year-olds nationwide.<sup>22</sup> Researchers note that government investments in childcare and early education have occurred in “fits and starts,”<sup>23</sup> often in response to larger public goals like preparing children for school, moving low-income parents into employment, and assimilating immigrant and low-income children of color into mainstream culture. However, these efforts have not been sufficiently funded to meet policy goals, provide benefits equitably, or address gaps in access to early education.<sup>24</sup>

**Childcare Opportunities.** Although government funding for childcare targets low-income families, both low- and moderate-income families face barriers to childcare and early education because the supply of available slots is insufficient for demand. A description of common barriers follows. Of note, these barriers can be especially daunting for families of color, English learning families, and immigrant families.<sup>25</sup>

- **Affordability:** The most universal barrier to childcare is cost. There are too few free or affordable early childhood programs for all children. For most working families, childcare is a significant portion of their household budget.<sup>26</sup> In 2021, the average cost of full-time infant care was \$14,668 per year and for preschooler care, it was \$16,365.<sup>27</sup> A family of four with an infant and a preschooler in Montgomery County would need to earn at least \$106,000 to afford the costs of childcare.<sup>28</sup> Affordability is especially challenging for Black and Latinx families given lower average salaries and higher poverty rates.
- **Access:** Publicly funded early childhood programs can help alleviate affordability as a barrier to accessing quality childcare and early education services. Since all early childhood programs are under-resourced, policies determining who can participate in these programs are often made in the context of limited resources. These decisions can disproportionately limit access to children and families of color.<sup>29</sup>
- **Supply:** Families’ participation in childcare and early education may also be inhibited by the lack of high-quality options that are culturally and linguistically appropriate. Research on populations impacted by “childcare deserts,” areas with little or no access to childcare – show that nationally Latinx and Asian children are most impacted by lack of supply. The supply of high-quality options is often limited in poor and low-income neighborhoods. Low-income neighborhoods, as well as neighborhoods with high proportions of non-English speakers, may also have low availability of formal, licenses, culturally competent care, including bilingual providers who speak the languages of the families in the community.<sup>30</sup>

Locally, three of the most diverse areas of the County, Gaithersburg and Montgomery Village (District 9), Silver Spring and Wheaton (District 13) and Burtonsville (District 5) can be considered childcare deserts for infants and toddlers since the number of children under age two exceed slots available by more than 2,000 children.<sup>31</sup> In 2016, there were 5.5 children per registered slot for infants and toddlers across the County overall.<sup>32</sup>

- **Quality:** Research shows that maintaining strong and positive racial, ethnic, and cultural identities is beneficial for youth of color’s development. Similarly, research demonstrates the benefits of early childhood program practice that maintains continuity of cultural and linguistic characteristics and experiences between children’s homes and their early childhood settings. Yet definitions of quality in early childhood settings often reflects the views of the dominant language and culture and may fail to elevate standards of diversity or alternative concepts of quality.<sup>33</sup> In 2017, 43 percent of four-year olds participated in high-quality pre-K programs—defined as public pre-K and childcare and family care slots—meeting the Excels 5 criteria in Montgomery County.<sup>34</sup>

# RESJ Impact Statement

## Bill 42-21

### ANTICIPATED RESJ IMPACTS

If enacted, Expedited Bill 42-21 will establish a non-profit entity tasked with developing a plan for improving the County's early care and education (ECE) sector. Increasing coordination among existing resources with a focus on improving racial equity and social justice in the development and delivery of ECE services are laudable priorities that could make existing ECE options more racially and socially equitable. However, the main factor shaping racial and social inequities in ECE is absence of significant government funding that puts high-quality ECE programs out of reach for many low- and moderate-income families rather than a lack of coordination among existing ECE programs and resources. In turn, due to a history of systemic inequities, BIPOC families and providers are under-served by the current system of ECE because they often have less wealth and income than White families and providers in the County.

Given that the availability of public resources for ECE likely shapes racial and social inequities in ECE more so than a lack of coordination within the ECE sector, OLO anticipates that Bill 42-21 could help narrow racial and social inequities if it is accompanied by a large infusion of public resources that make high-quality childcare and early education programs affordable for low- and moderate-income families. The ECE coordinating entity, if enacted, would undoubtedly advocate for additional public resources to support the Countywide ECE plan it develops. With a significant financial investment in ECE, Bill 42-21 could improve RESJ by ensuring that new ECE resources are implemented ways that narrow racial and social inequities in ECE. Without additional public revenue, OLO anticipates that Bill 42-21 will have a limited and at best minor impact on narrowing racial and social inequities in early care and education in the County.

---

### RECOMMENDED AMENDMENTS

The County's Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>35</sup> OLO finds that Bill 45-21 could narrow racial and ethnic inequities in early care and education if it is accompanied by a large infusion of public resources aimed at making high-quality ECE options affordable to low- and moderate-income families. Consequently, this RESJ impact statement does not offer recommendations.

---

### CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

---

### CONTRIBUTIONS

OLO staffer Elaine Bonner-Tompkins, Senior Legislative Analyst, drafted this RESJ impact statement.

---

<sup>1</sup> Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools <https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid

<sup>3</sup> Montgomery County Council, Bill 42-21, Child Care – Early Care and Education Coordinating Entity – Established, introduced on November 9, 2021

# RESJ Impact Statement

## Bill 42-21

---

<sup>4</sup> Montgomery Moving Forward, Recommendations for a Public-Private ECE Coordinating Entity in Montgomery County, Maryland, January 2021

<sup>5</sup> Montgomery County Council, Resolution 19-300, Economic Development Platform for Montgomery County, November 19, 2019

<sup>6</sup> Field Note, 2020-2, December 2020 – Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020, Regional and Community Outreach

<sup>7</sup> Joseph Parilla and Darin Redus, How a new Minority Business Accelerator grant program can close the racial entrepreneurship gap. Brookings, December 9, 2020

<sup>8</sup> Jupiter Independent Research Group, Racial Equity Profile Montgomery County, OLO Report 2019-7, Office of Legislative Oversight, July 15, 2019

<sup>9</sup> American Community Survey, 1 Year Estimates, 2019, Table S0201

<sup>10</sup> Jupiter Independent Research Group

<sup>11</sup> National Equity Atlas, 2021

<sup>12</sup> Christine Johnson-Staub, Equity Starts Here: Addressing Racial Inequities in Child Care and Early Education Policy, Center for Law and Social Policy (CLASP), December 2017

<sup>13</sup> Sarah Carr, The racist and sexist roots of childcare in America explain why the system is in shambles, Hechinger Report, October 26, 2021

<sup>14</sup> Christine Johnson-Staub

<sup>15</sup> Sarah Carr

<sup>16</sup> Eleonor Mueller, “Crashing down: How the childcare crisis is magnifying racial disparities,” Politico, July 22, 2020.

<sup>17</sup> Estimate from Center for American Progress cited by Sarah Carr

<sup>18</sup> July survey from the National Association for the Education of Young Children cited by Sarah Carr

<sup>19</sup> Christine Johnson-Staub

<sup>20</sup> Center for the Study of Childcare Employment, 3 Earnings and Economic Security, Early Childhood Workforce Index, University of California, Berkeley, 2018

<sup>21</sup> Christine Johnson-Staub

<sup>22</sup> Ibid

<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Ibid

<sup>26</sup> Ibid

<sup>27</sup> Maryland Family Network, Maryland Child Care Resource Network, 2021 Child Care Demographics, Montgomery County Report

<sup>28</sup> Ibid

<sup>29</sup> Christine Johnson-Staub

<sup>30</sup> Ibid

<sup>31</sup> Natalia Carrizosa, Child Care in Montgomery County, OLO Report 2016-3, Office of Legislative Oversight, December 8, 2015.

<sup>32</sup> Ibid

<sup>33</sup> Christine Johnson-Staub

<sup>34</sup> Elaine Bonner-Tompkins, Pre-K in Montgomery County and Other Jurisdictions, OLO Report 2017-7, Office of Legislative Oversight

<sup>35</sup> Montgomery County Council, Bill 27-19, Administration – Human Rights - Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established