

Pain in the Workforce

Jim Golembeski, Upward Mobility signals team

A couple weeks ago I had the pleasure of getting a root canal. The experience was not as bad as I thought it would be, but the real problem was that the oral surgeon kept up a one-sided conversation to which I was unable to reply – under the circumstances. His concern was all the people sitting around idly in the community, unwilling to work. If I could have, my response would have been, “Show me where they are!” I am still looking if you know of any.

That said (or *not* said, actually), I *can* identify one group in the community who are *able* to work but *choose* not to: parents who cannot find or afford childcare. Young families struggle financially in many ways. The Brookings Institution estimates it now costs \$310,600 to raise a child from birth to age 18, but the cost of childcare in the early years is an especially acute challenge. And it is having a profoundly negative effect on our workforce, especially on female participation in the workforce.

The lack of affordable childcare is a primary reason that young parents work fewer hours, take significant time off from work, or put their careers on hold altogether during those early years. According to a 2023 report from High Roads Strategy Center, part of UW-Madison, Wisconsin’s women labor force participation dropped below 60% for the first time since the 1980s. A report from Kane Insights, a communications agency based largely in Wisconsin, 50% of the state’s female workforce considered quitting work constantly, often, or sometimes in 2021. The COVID pandemic exacerbated an already difficult situation and also forced the closure of many childcare providers.



Even before COVID, though, inadequate childcare was costing working parents \$37 billion a year in lost income and costing employers \$13 billion annually in lost productivity. A 2021 Harvard Business Review study found that one third of the US workforce – an estimated 50 million workers – has a child under age 14. In a panel survey of that demographic, 20% reported having to leave work or reduce their work hours solely due to a lack of childcare. The same study found that more than 2.3 million women in the US had left the labor force since February 2020, accounting for 60% of all discouraged workers during the pandemic.

The Council for a Strong America estimates that the childcare crisis already costs Wisconsin families, businesses, and governments a combined \$1.9 billion annually. The same 2023 study showed that nearly 9 in 10 parents said that childcare costs them time and productivity at work.

Availability of childcare is not the only issue; quality care is equally important. Studies clearly demonstrate the vital importance of early childhood development. There is medical consensus that 85% to 90% of a child’s core brain development occurs from birth to age five. High quality early childhood education teaches social-emotional skills and is linked to greater success in adult life.

One thing we know for certain: Northeast Wisconsin will experience the height of the Baby Boomer retirement wave in the coming decade (see Figure 1 below), increasing the demand just for replacement workers, to say nothing of addressing the need for more workers in an expanding state economy.

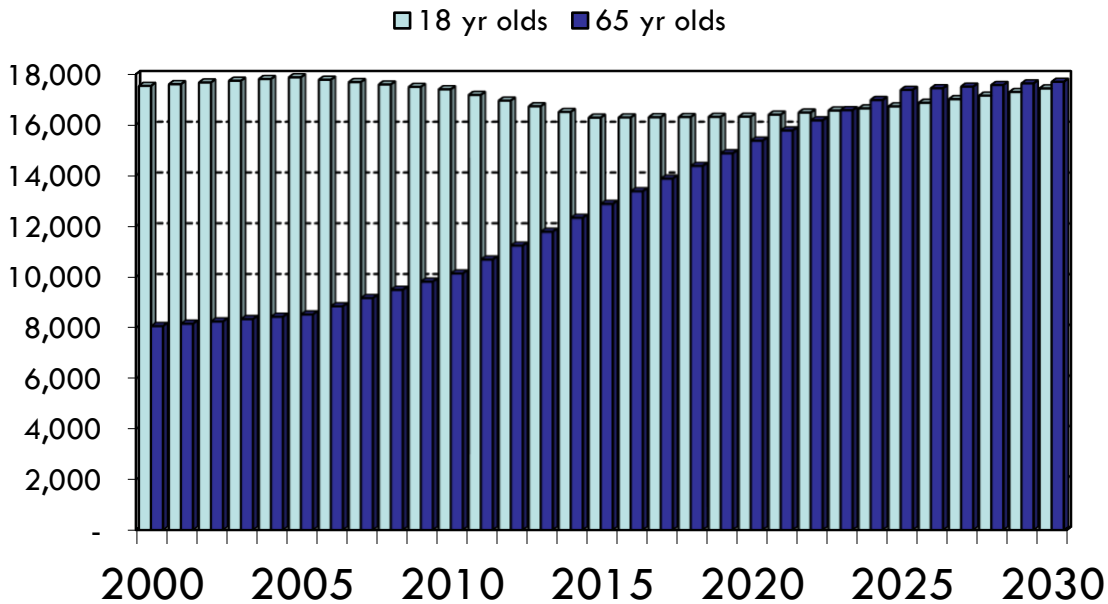


Figure 1: NEW North Labor Force 2000-2030

Forward Analytics, a Madison-based research organization, published an extensive study of the Wisconsin workforce in 2019. That study found:

- Wisconsin businesses are facing a worker shortage that could persist for decades.
- The state does not have enough young people to replace retiring Baby Boomers, and migration patterns have not shifted for the better.
- Since 2015, traditional Wisconsin migration patterns have shifted negatively.
- The net migration of children to Wisconsin has fallen dramatically since 2010.
- Without the ability to naturally increase the workforce, growth must come from higher labor force participation or inward migration.

In sum, it has been documented for years that Wisconsin needs young workers both to replace retiring Baby Boomers and to meet the needs of a growing state economy. One of

the elements that keeps young people, especially women, from full participation in the workforce is the lack of quality childcare or its excessive cost. By finding effective ways to expand the availability of affordable, quality childcare in the state, Wisconsin can increase labor force participation and the productivity of our existing workforce. Beyond that, addressing childcare needs can be a real incentive to attract young workers to the state in a competition for workers that will only increase in the decade ahead.

Children are our future workforce. Caucasian, non-Hispanic women in the US have not had a replacement birth rate of 2.2 children per woman since 1971! For a fun look at what Denmark has done to address the low birth rate in that country, here is an actual promotion campaign called ["Do It for Denmark" on YouTube.](#)