

# CHILDCARE IN MONTANA

Exploring the causes and impacts of a lack of childcare on the Montana economy

by Amy Watson, State Economist



Photo Credit: Zero to Five Montana

Childcare provides critical supports to the Montana economy, allowing parents of young children to participate in the labor force and preparing the future generation of workers through high-quality early childhood education. Despite the state’s reliance on child care to meet workforce needs, Montana parents and businesses have suffered from a lack of access to care. In 2023, more than 66,000 Montana parents were unable to fully engage with the labor force due to family responsibilities and a lack of childcare.<sup>1</sup> This article explores the supply and demand for childcare in Montana, as well as the causes and impacts of persistent under supply.

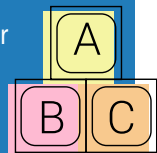
## Statewide Childcare Shortage

Licensed childcare capacity meets only 44% of estimated demand in the state.<sup>2</sup> Childcare shortages exist in every county, with 59% of counties identified as childcare deserts – meaning supply meets less than a third of estimated demand.<sup>3</sup> **Figure 1** shows the licensed childcare capacity as a percentage of demand in each county in 2023. The most significant unmet demand occurs in the more rural areas of the state. There are four counties without a single licensed childcare provider.

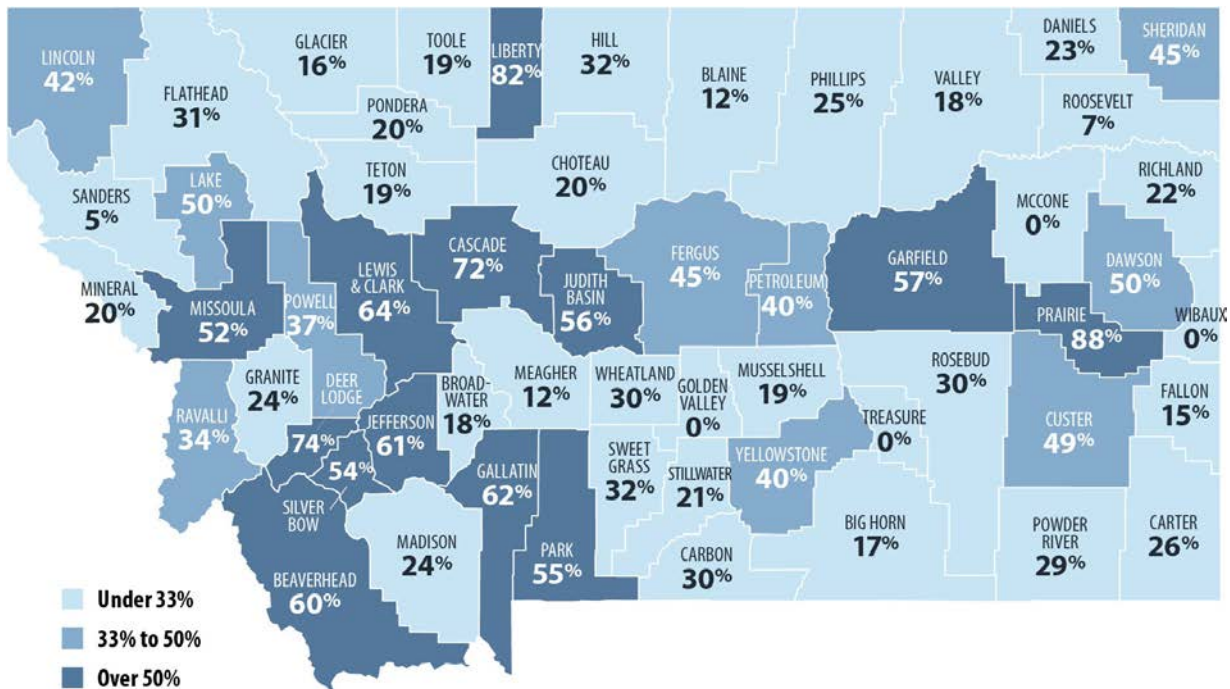
### HOW MANY CHILDREN NEED CARE?

The potential demand for child care is defined as the number of children under age six who live in households where all available parents are in the labor force.

In 2023, more than **46,000** children under six lived in working parent households and potentially needed care.



**FIGURE 1**  
Child Care Capacity as a Percent of Demand from Children Under 6 by County in 2023

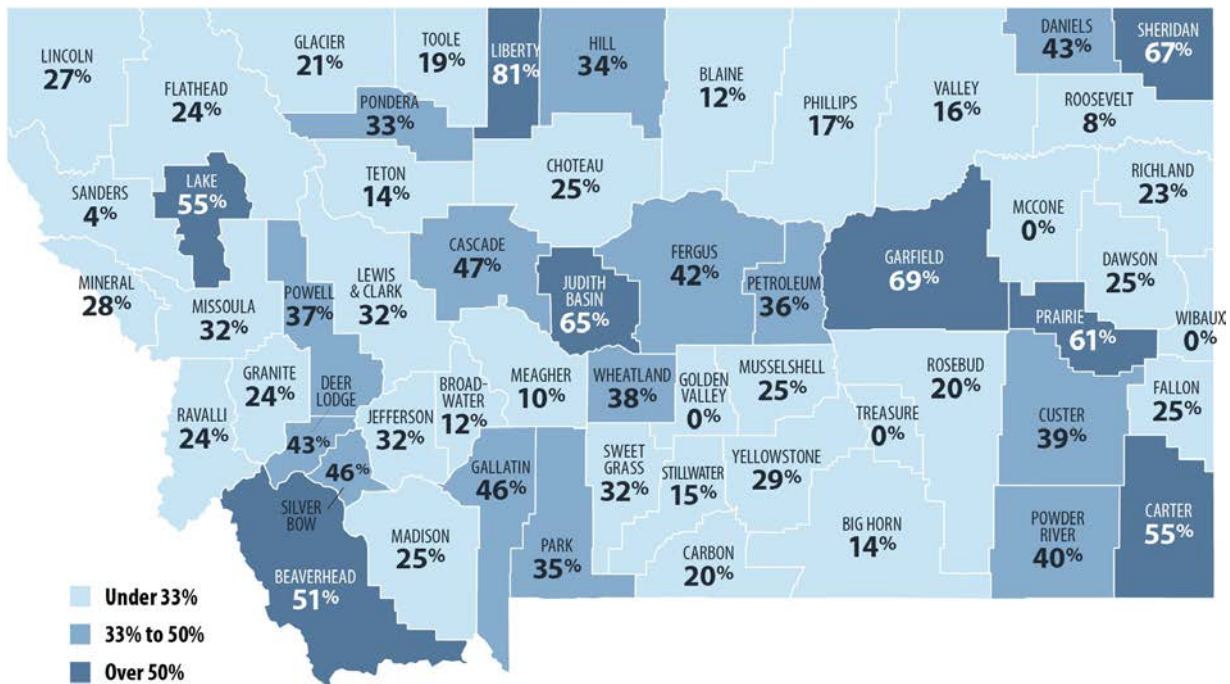


Source: MTDLI analysis of child care capacity data provided by DPHHS through 12/2023. U.S. Census Bureau 2022 Population Estimates Program (PEP) and 2018-2022 American Community Survey (ACS).

1 MTDLI analysis of Current Population Survey microdata from IPUMS through December 2023. Reported as 12-month average.  
 2 “Child Care Deserts: An Analysis of Childcare Supply and Demand Gaps in Montana.” January 2024. MTDLI.  
 3 Childcare desert threshold defined by the Center for American Progress (CAP).

The childcare shortage is more severe for infants and toddlers under two years old. Licensed infant care capacity meets 32% of the estimated demand in Montana, qualifying the state as a childcare desert for infant care.<sup>4</sup> Higher staff-to-child ratios increase the cost to providers of infant care operations, contributing to the shortage. **Figure 2** shows infant capacity as a percentage of demand by county in 2023.

**FIGURE 2**  
**Infant Child Care Capacity as a Percent Demand from Children Under Age 2 in 2023**



Source: MTDLI analysis of child care capacity data provided by DPHHS through 12/2023. U.S. Census Bureau 2022 Population Estimates Program (PEP) and 2018-2022 American Community Survey (ACS).

A shortage of licensed childcare in Montana has existed for several years. In 2019, licensed capacity met only 41% of estimated demand. That same year Montana ranked 40th among states for childcare availability, with only ten states reporting more unmet demand.<sup>5</sup> The pandemic recession further exacerbated the childcare shortage, leading to a loss of nearly 11,000 licensed childcare slots in 2020. However, total and infant capacity returned to pre-pandemic levels by March 2021. In 2023, total childcare capacity grew by approximately 8%, resulting in over 20,600 licensed childcare slots statewide. Infant capacity averaged 4,700 slots at licensed Montana childcare facilities in 2023.

### WHAT IS THE SUPPLY OF CHILDCARE?

Total childcare capacity exceeded **20,600** in 2023, growing by approximately 8% over the year and translating to more than 1,500 additional slots.

Licensed or registered family, group, and center-based providers are included in child care supply, as well as relative care and FFN caregivers receiving state assistance. Licensed capacity is used to estimate the number of children each provider serves.



4 Infant is defined as a child under the age of 19 months.

5 Montana Department of Labor & Industry using U.S. Census Bureau 2012-2016 ACS data and Child Care Aware Survey 2017.

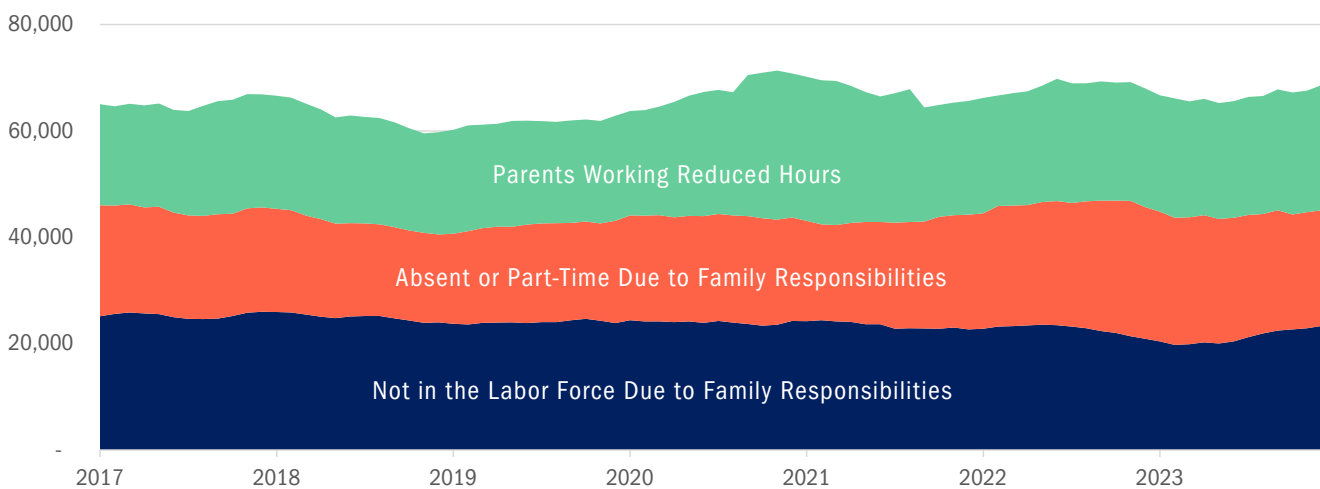
Despite recent growth, many families remain unable to access licensed childcare. Even families living in areas with greater childcare capacity may face income or demographic barriers that prevent them from accessing care. The cost of care is a key barrier many families face in accessing child care. In Montana, the average cost of full-time daycare for an infant or toddler in center-based care is \$11,700 per year.<sup>6</sup> The annual cost of care for one child is more expensive than in-state tuition for a four-year public college and costs more than the median contract rent.<sup>7</sup>

Costs grow exponentially for parents of multiple young children. Child care for two children—an infant and a 4-year-old—costs an average of \$22,100 per year. In 2023, Montana households averaged \$18,940 in child care expenses for children under age five. Annual child care expenses in 2023 were equivalent to 28% of the state’s median household income.<sup>8</sup> According to the U.S. Department of Health and Human Services (HHS), child care is affordable if it costs not more than 7% of a family’s income.<sup>9</sup>

### Workforce Impacts

A lack of available high-quality childcare in Montana has prevented many parents from fully participating in the labor force, and thus further exacerbating the state’s workforce shortage. In 2023, a monthly average of 21,270 Montana parents were unable to participate in the labor force due to family responsibilities and a lack of childcare.<sup>10</sup> An additional 45,000 Montana parents were underemployed or reported working reduced hours in 2023 – which translates to roughly 8% of the state’s labor force.<sup>11</sup> In total, approximately 66,600 Montana parents are unable to fully engage in the workforce.<sup>12</sup> **Figure 3** shows how these parental workforce impacts have changed over the last six years.

**FIGURE 3**  
**Underutilized Parent Workforce**

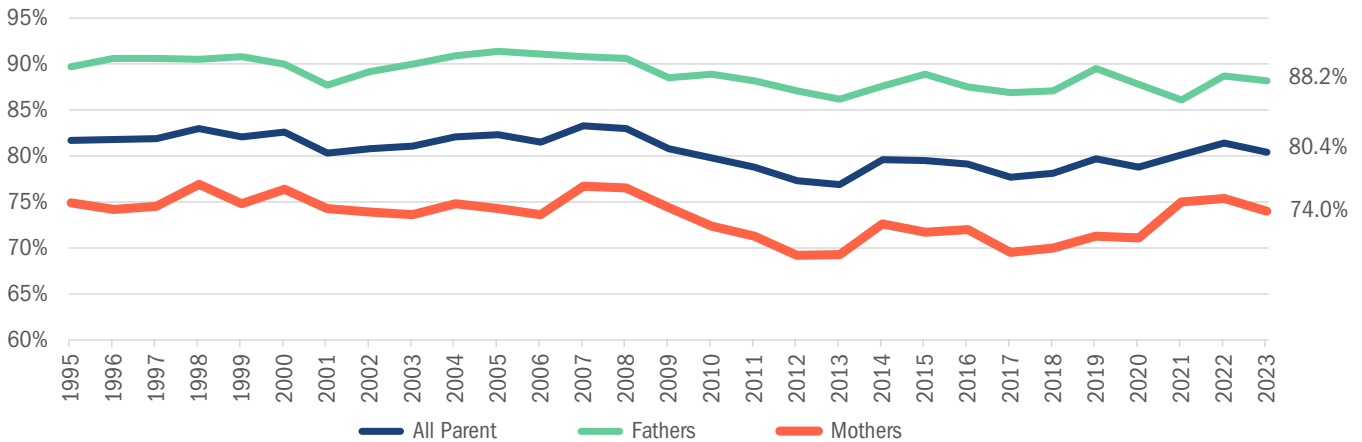


Source: MTDLI analysis of Current Population Survey microdata from IPUMS through December 2023.

6 *Child Care Aware® of America’s Catalyzing Growth: Using Data to Change Child Care Report Series, 2022.*  
 7 *2022 American Community Survey 1-Year Estimates. Table B25058.*  
 8 *Annual child care expenditures estimated based on weekly child care costs reported by the U.S. Census Household Pulse Survey from January to May 2023. Median household income reported by 2022 1-Year ACS Estimates (in 2022 dollars).*  
 9 <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>  
 10 *Current Population Survey (CPS), IPUMS. 12-month average through December 2023.*  
 11 *CPS IPUMS. 12-month average through December 2023.*  
 12 *Parents are defined as adults with children under the age of 18 in the household.*

About 80% of Montana parents participate in the labor force, meaning they are either employed or actively seeking work. Mothers have significantly lower labor force participation rates than fathers. 74% of mothers in Montana are working or actively seeking work, compared to 88% of fathers. **Figure 4** shows the labor force participation rates of parents since 1995. Parental labor force participation rates have been fairly stable over the last few decades, with traditional family roles driving much of the different in labor force participation between mothers and fathers.

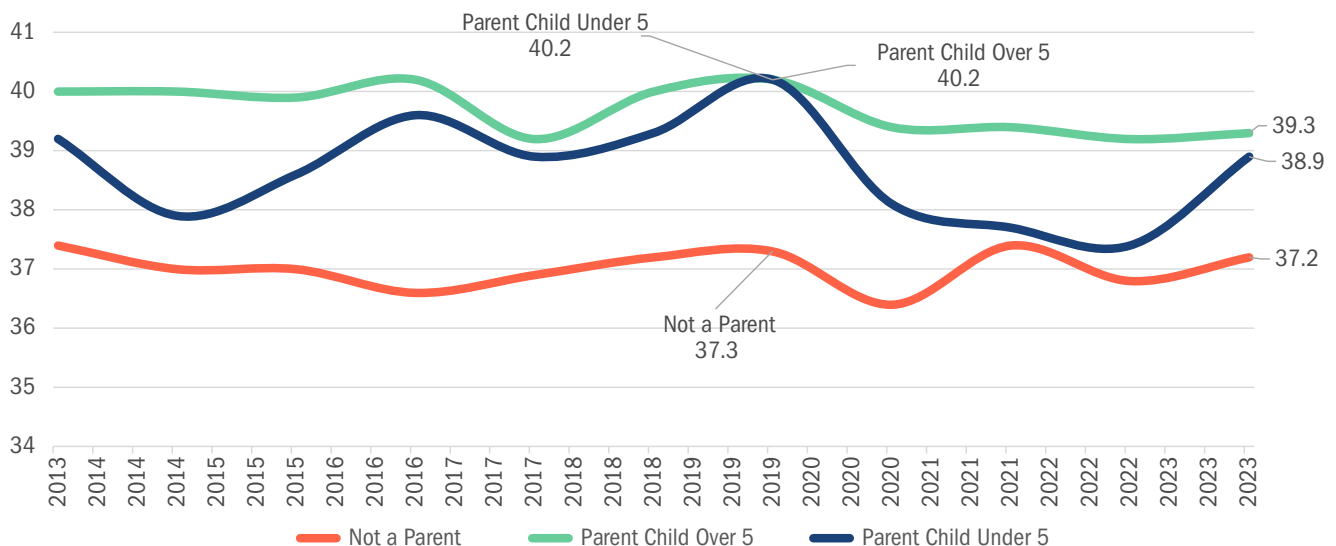
**FIGURE 4**  
**Labor Force Participation Rates of Montana Parents**



Source: MTDLI analysis of CPS microdata from IPUMS through Dec 2023. Estimates are 12-month rolling average.

Labor force participation rates of parents have increased over the last few years. Parents who may have exited the labor force during the height of the pandemic recession have reentered; however, they are not working as many hours as they did in 2019. The average parent in Montana worked a 40-hour week in 2019. Work hours fell during the pandemic, particularly for parents of children under five years old, reaching a low of 37.4 hours per week in 2022. By the end of 2023 the average workweek for Montana parents remained below 40-hours, with parents of children under five working almost 39 hours per week. **Figure 5** shows the average hours worked by parents and non-parents over the last ten years.

**FIGURE 5**  
**Average Hours Worked per Week by Parental Status**



Source: Current Population Survey, IPUMS monthly extract through December 2023.

Flexible scheduling and remote work opportunities can help parents adapt to inconsistent childcare while remaining engaged in the workforce. The pandemic greatly expanded access to telework opportunities in the state. An estimated 12.6% of the workforce worked from home in 2022, an increase from the 9.4% average in the five years prior.<sup>13</sup> However, remote work opportunities are not available in every industry. Retail and wholesale trade, transportation, and leisure activities are the least likely to offer remote work and account for over a third of all employment in Montana.

## Childcare Workforce

One of the primary causes of the childcare shortage is a lack of available workers. Early childhood educators (ECE) are one of the most in-demand occupations in Montana. **Figure 6** shows the employment projections for ECE workers and the median wage for each occupation.

**FIGURE 6**  
**Early Childhood Education Employment Projections and Wages**

Occupation	Minimum Education	Annual Job Openings				Median Wage
		Exit	Transfer	Growth	Total	
Childcare workers	High school diploma	238	306	1	545	\$26,720
Preschool teachers	Associate degree	68	89	19	176	\$31,000
Preschool and childcare administrators	Bachelor's degree	7	12	2	20	\$44,680
Kindergarten teachers	Bachelor's degree	24	32	1	57	\$46,340
Elementary school teachers	Bachelor's degree	151	174	10	335	\$60,150

Source: MTDLI Employment Projections 2022-2032. Occupation Employment and Wages (OEWS) 2022.

The MTDLI estimates over 540 annual job openings for childcare workers through 2032, placing the occupation in the top 30 among all occupations for number of openings. Over half (56%) of these openings are projected to occur due to childcare workers changing occupations. Retirements are estimated to generate an additional 43% of the job openings for childcare workers. More early childhood educators (ECE) are needed to meet the demand for childcare workers, as well as for preschool and kindergarten teachers.<sup>14</sup>

Low wages often prevent childcare providers from being able to recruit and retain a qualified workforce. Childcare workers reported a median wage of \$12.73/hour, which translates to \$26,480 per year in 2022. Childcare workers' wages vary slightly based on their position, with lead teachers reporting to the Early Childhood Project an average hourly rate of \$14.19.<sup>15</sup>

The Montana post-secondary education system is an important contributor to the state's early childhood educator workforce. Over 85% percent of ECE graduates from Montana institutions work in the state a

<sup>13</sup> ACS 2022 1-Year Estimates compared to 2017-2021 ACS 5-Year Estimate for Montana.

<sup>14</sup> Montana Postsecondary Workforce Report 2022, MTDLI.

<sup>15</sup> Montana Early Childhood Project, Montana State University, Profile Summary Fact Sheet, Q3 2022.

year after graduation. These graduates reported earning between \$22,000 and \$30,000 depending on their level of education. After ten years, income for ECE graduates grew to \$40,000.<sup>16</sup>

The Montana Early Childhood Apprenticeship Program (MECAP) is another avenue for training early childhood educators. The MECAP is a registered apprenticeship program that offers on-the-job training along with related technical instruction. This work-based learning model allows the childcare workforce to further their training while remaining engaged in the workforce. Incentives can also help offset the cost of training. The program offers a national childcare development specialist (CCDS) certificate that is recognized in all 50 states.

## **Conclusion**

Access to affordable high-quality childcare is a critical element of a healthy economy, allowing parents of young children to engage in the workforce. Despite childcare's important role in supporting the overall economy, licensed childcare supply only meets approximately 44% of estimated demand. Childcare shortages exist in every county, with most designated as a childcare desert. The lack of available care contributes to a rise in the number of parents unable to fully engage in the workforce. Approximately 66,000 parents aren't employed or are working reduced hours due to family responsibilities.

One of the biggest barriers to expanding access to affordable childcare in Montana is a lack of workers. Childcare workers are one of the most in-demand occupations in the state; however, there are not enough early childhood educators to meet demand. Low wages prevent many people entering the field and contribute to high turnover within the profession. The Montana Department of Labor & Industry is committed to helping address this concern specifically through the expansion of the early childhood registered apprenticeship program (MECAP). Using funding through the American Rescue Plan act, MTDLI launched a new pre-apprenticeship program in the Fall of 2023. For more information about MECAP please visit [mtecp.org](https://mtecp.org).

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<sup>16</sup> Montana Postsecondary Workforce Report, 2022. MTDLI.