

**Factors that impact the supply and quality of childcare in Alabama: an emerging challenge  
to economic development and workforce availability.**

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### **Abstract**

Alabama has a growing economy, and public administrators in this field continue recruiting companies that generate better-paying jobs, thereby increasing the quality of life for the community. However, one of the main challenges as the state attracts employers is providing a pipeline of workers and local talent. Although unemployment rates continue to decrease, post-pandemic workforce participation indicators seem harder to improve. State reports suggest that the lack of childcare is one of the main challenges, especially for women designated as family caregivers, to return or join the workforce. The gap between the number of children aged 6 weeks to school age and the available childcare spots in their communities continues to grow in the state. This phenomenon, considered a “childcare desert,” represents an imminent challenge for economic development in Alabama.

This research proposal aims to understand the factors that have influenced the decline in the supply of this industry in Alabama. Using quantitative data collected from soon-to-be professionals in early childhood education, the study seeks to determine if childcare center ownership is part of their professional development plan and what factors influence that perspective. Combining this with the current operators' perspectives on their challenges provides a deeper understanding of the market by identifying causality factors. The outlined factors will provide a better perspective of the local market for public administrators and elected officials to lead the changes, programs, and initiatives required to overcome the growing challenge of childcare deserts. Additionally, this research aims to create a foundation for the tools needed for local communities, especially rural areas, to recover from the effects of the pandemic and increase workforce participation in the state.

**Problem Identification**

Economic development is accomplished by creating conditions for employers to establish operations in a community. It has several vital components, workforce availability being one of them. According to the US Bureau of Labor Statistics, the state of Alabama has a workforce participation rate of 56.8% as of January 2023 (US Bureau of Labor Statistics, 2023). Research from The Women's Fund of Greater Birmingham (2019) suggests that the state only has childcare available for two-thirds of the children who live in households with both parents or single parents working. Therefore, one-third of the children who need childcare are in the care of a third party, such as a friend or a family member. Additionally, if the number of people able and available to work would join the workforce, the market does not have enough spots to offer services to the incoming children.

Based on the ratio of the number of spots available per child in need of childcare services, The Women's Fund of Greater Birmingham concluded that 60% of the communities in the state of Alabama are childcare deserts (2019). This concerning statistic creates a need for research that analyzes the factors that currently negatively impact the formation of new childcare centers. This research would allow economic developers, state leaders, and current and prospective employers to determine if professionals in this area will represent a possible pipeline of talent and resources that require support and nourishment to start creating a better outlook for the future of the industry.

Understanding the challenging factors that influence the sustainability and emergence of new centers formed by new professionals, as well as current challenges faced by center operators and group care providers, will help legislators, public servants, and private industry to formulate strategies that will lead to an increase in the availability of quality childcare services. Such

services will encourage parents to participate in the workforce, inspired by knowing the child will have access to positive development experiences instead of facing the uncertainty of informal care while they continue their professional development.

### **Research Questions**

What factors influence the creation of new childcare centers by early childhood education professionals in Alabama? What challenges impact the expansion and sustainability of existing childcare centers in Alabama?

### **Hypothesis**

Childcare centers face high operational costs, primarily due to salaries, despite the industry not providing competitive compensation to caregivers and administrators with specialized education. As a result, the most prominent challenges for center owners are low retention rates, personnel scarcity, and low profit margins. These difficulties in generating profit affect both the present and future of the industry, as young professionals who are potential business owners consider this career path unattractive.

### **Literature Review**

The U.S. Department of Health and Human Services defines a childcare desert as “communities with limited or no access to quality childcare” (2021). In Alabama, The Women’s Fund of Greater Birmingham has identified and reported geographical areas with a significant absence of this essential service, resulting in limited or no access for potential workers, especially mothers, to join the workforce. Therefore, the childcare sector is a crucial component of Alabama’s economy, but it is facing challenges that need to be addressed.

According to the Alabama Partnership for Children (2022), the state has an estimated 128,959 available slots, with a gap of 85,554 more spaces required to meet the demand. However, regular supply and demand laws do not always apply in this industry, as parents would be forced to pay more than their earnings, sacrificing time with their children and, as a result, choosing not to participate in the workforce.

It is also important to consider that rural areas have been highly affected, mainly during and after the pandemic. As established by VOICES for Alabama’s Children (2021), between 2010 and 2019, the number of licensed childcare programs in Alabama decreased from 2,340 to 1,698. The same report identifies that family daycares have been reduced by almost half, from 844 providers to 428 during the same period.

Understanding the causes of this change in the industry requires a financial analysis based on national trends that can be contextualized for local research. The U.S. Department of the Treasury (2019) has established that this is a very labor-intensive industry with strict caregiver-children ratios, with wages averaging 50%-60% of operational expenses. However, salaries for caregivers cannot compete with other industries.

### **Methodology and Theoretical Approach**

Applying a mixed method design will allow us to combine both quantitative and qualitative research. The quantitative research will identify specific factors that lead to the lack of willingness among young professionals to create childcare centers in Alabama. In contrast, the qualitative research will enrich the findings by adding the perspectives of current business owners regarding their operational challenges. Although the initial research question is qualitative in nature, adding a quantitative component involves an in-depth study of factors leading to the formation of childcare deserts as a phenomenon. This mixed method design allows us to create a holistic approach to studying correlational factors, detecting possible barriers perceived by the upcoming generation of early childhood educators, and understanding the main challenges perceived by operators.

#### **Quantitative Component**

The survey method will identify possible factors affecting young professionals' willingness to create new childcare centers in Alabama. This will allow us to determine the causes for the low formation rates of childcare centers by new professionals in the area using collected statistical data and recognizing trends and patterns. The survey will be cross-sectional, as the data will be collected from a group of senior early childcare education students once during a specific timeframe. The analysis will be based on the results captured at that point in time. It will include a questionnaire with ten items that will allow us, through choice and yes-or-no questions, to determine the most influential factors causing the lack of childcare centers owned by young professionals in this field.

### **Qualitative Component**

The primary objective of this research is to identify possible factors affecting profitability for operational childcare centers in Alabama. Through multiple data sources, such as one-on-one interviews with childcare owners in each of the seven regional workforce territories around the state and a review of their financial statements, we will collect information on line items driving this industry's cost, profit, and sustainability.

The transformative approach will allow an understanding of how labor market changes, salary expectations of care providers, and other costs related to operations affect the quality of care they can provide and the business's profitability. Through collecting narratives of operators in this industry, we seek to understand how they have managed to stay in business and their main challenges as factors driving childcare deserts' emersion.

### **Mixed Methods Procedure**

Through the development of the proposed research, the mixed method design will allow us to combine both the aspects of quantitative research where specific factors lead to the lack of willingness of your professionals to create childcare centers in Alabama. In contrast, the qualitative research design will enrich findings by adding the perspective of the current business owners as their operational challenges.

**Design:** In the convergent design, we will collect and combine two datasets to develop a holistic approach to the studied phenomena. Then, analyzing and integrating to cross-validate the findings is a key step.

**Sampling:** In terms of sampling, both quantitative (probability) and qualitative (purposeful) strategies are employed. However, samples are from 2 separate populations.

**Integration:** Quantitative data will be exported from the surveying platform to a spreadsheet, and qualitative data will be transcribed, organized in a repository, and analyzed for conclusions, following the appropriate protocols. Both data sets and findings will. Be juxtaposed to generate insights that complement each other and create a more comprehensive vision and deeper understanding.

**Findings:** The findings will be generated by interpreting and analyzing the results and comparing both data sets.



## **Data Collection Methods**

### **Survey Design**

**Population and Sample:** The survey will be presented to senior students in the childcare education field at Troy University. This stratification will allow data collection from individuals soon joining the workforce. Understanding if opening their childcare center is in their professional plan and the possible factors affecting this choice.

The sample will be random as the survey will be provided to students enrolled in senior courses by their professor, encouraging them to participate but not as a mandatory part of the class. Therefore, all students will have an equal chance to participate.

**Deployment Procedure:** An electronic survey will be created, and distribution will require the support of faculty members at Troy University facilitating senior courses. They will allow the students to learn about the research and its purpose, but participation is not mandatory, nor will it negatively or positively impact their grades. The selected timeframe is the last half of the semester.

**Variables:** The questions in the survey will allow a clear relation between variables in the hypothesis and the questions. However, a table that specifies the variables, the hypothesis, and the questions in the survey will be added to make a clear relationship. The inferential questions will be measured as a categorical score which will allow analyzing which factors create trends and patterns to formulate reasons why newly graduated students are not creating new childcare centers in Alabama.

**Data Analysis:** Performing response bias analysis is a key step in this process, as the sample population is college students in senior classes, and some might not respond. Therefore, some polls can be posted in student social media groups to check that results vary significantly

from the data collected. In the interpretation, a discussion about the results and patterns found in correlation with the initial hypothesis will be established to determine the final findings.

### **Qualitative Interviews**

Dividing the state by using the seven workforce regions will allow structuring the sample to reflect the circumstances of the entire state rather than focusing exclusively on some areas. Through each region, multiple childcare centers will be contacted through calls, emails, and possible introductions from community organizations such as chambers of commerce to be invited to participate in this research, which ultimately is a possible instrument to inform local leaders about possible environmental factors that impact the viability of childcare centers in their region.

Ethical considerations include adopting privacy policies that will be shared with operators and owners who decide to participate in the research. The information shared might contain financial information that will be safely stored using data protection and encrypted platforms rather than emails that contain attachments with financial statements or any other sensitive information. The researchers are under confidentiality agreements that will be communicated before each interview. Also, the purpose of the research will verbally disclose, and parties interested in reviewing the findings, such as local leaders in economic development.

The interviews will be conducted in six months, and business owners will participate in a 30-minute discussion with six open-end questions. Using technology is a critical tool that will allow performing videoconferences that will be recorded for the purpose of analysis as well as notes as a backup plan in case of information is lost.

For interpretation purposes, we will reference the factors provided in the breakdown of childcare program expenses by child age from the U.S. Department of the Treasury in the report

"The Economics of Child Care Supply in the United States" (2019). This will allow us to compare qualitative data to the perceptions of childcare center owners and operators. After organizing the findings through charts and descriptive narratives, we will triangulate the data to build coherent correlations, justifications, and findings.

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