

# The Child Care Crisis: Why the Status Quo is Failing Families, Early Educators, and our Economy



**Now is the time to support children and families by ensuring affordable, quality early care and education options**

Finding and affording quality child care and early learning options shouldn't be the reason parents choose not to work. Yet for years, the high cost of quality care and the limited supply across the country have created insurmountable financial challenges for too many families. The COVID-19 pandemic has pushed both parents and the child care sector to the brink, exacerbating longstanding challenges of supply and demand, while also placing a spotlight on the essential role child care providers play in supporting families, businesses, and our economy. Two years into the pandemic, federal relief funding is offering a critical lifeline to providers and families, preventing the total collapse of the child care market. However, this short term funding will not address the fundamental flaws in America's unsustainable, patchwork approach to child care, which will continue to plague our country long after the pandemic has ended.

Without question, **child care is an integral pillar to supporting a robust economy** and our children's long-term success. Our top priority must be building a stable early learning system that ensures every parent can find and afford quality child care and pre-K options that meet their needs - ensuring children, parents, and our economy can thrive.

## Why is the Status Quo Failing Families, Early Educators, and our Economy?

### Severe Lack Of Child Care Options

Today, [26.8 million people](#) — 16% of the U.S. workforce — rely on child care in order to go to work, but the supply of quality child care has not kept up with the significant rise in demand over the years.

- **Pre-pandemic, [over 30%](#) of Americans were living in a child care desert with only one available child care spot for every three children in need of care.**
- **Since the start of the pandemic, [15,856 providers](#) have closed their doors, only making it harder for parents to find the care they need.**
- 1 in 3 parents across the country with kids under 5 [say](#) they are having serious problems finding child care or preschool options for their children.
- Nationwide, child care programs that have been able to remain open [report](#) operating at an average enrollment rate of just 71% of their licensed capacity, significantly impacting parents' ability to find care.

- [More than 30%](#) of child care providers are considering quitting or closing down their businesses within the next year, which could decrease an already waning supply of care.

The COVID-19 pandemic highlighted the razor-thin margins many early learning and care providers are forced to operate on and made clear that under the current market-based system, the numbers simply don't work, limiting the supply of care. The labor-intensive, specialized nature of delivering quality, nurturing care for infants, toddlers, and preschoolers means that it is a more expensive service to provide than many parents can afford. To keep their doors open, much less profitable, early learning programs must often resort to offering lower compensation for child care workers and staff in order to cover high operational costs and avoid compromising safety and quality for children. These stark financial realities continue to complicate efforts to rehire and retain staff even as we see record job growth in our broader economy. As a result, many providers are forced to close classrooms due to staffing shortages, or close their doors altogether, further limiting the supply of care options for parents.

- According to the Bureau of Labor Statistics, the child care sector is still down over [100,000 jobs](#) from pre-pandemic levels, as many child care workers have [opted for higher-paying jobs](#) in other industries.
- [87% of child care center directors](#) report that it's more difficult to recruit and retain qualified staff now due to low wages, unsatisfactory benefits, and health and safety concerns.
  - » Low wages and insufficient benefits lead to turnover rates **as high as 40%** in the early care and education industry.
- [Nearly 60%](#) of child care providers are experiencing staff shortages — a 36% increase from before the pandemic.
- According to the [U.S. Bureau of Labor Statistics](#), the average pay for child care workers, who often have degrees and specialized training, is \$12.24 per hour or around \$25,400 a year, putting them in the bottom 2% of all professions.

## Families Can't Afford The Care They Find

Even where child care is available, the cost is more than what most families can afford. **Child care costs often exceed other essential family expenses**, including housing and transportation, putting many low- and middle-income families in the position of not being able to work because they can't afford care.

- Since 1990, child care costs [have risen](#) 214%, with the price of care rising 25% in the last decade alone — twice as fast as other major expenses for consumers, like housing and groceries. Meanwhile, the average family income has increased by just 143% over the same period.
- The [average annual price of care](#) in 2020 was roughly \$10,000. This means that on average, two-income families spend 15% of their income on child care, and in single-parent households, **36% of parent income goes to child care**.
- 83% of parents with children under age 5 say that finding affordable care is a challenge. 63% of full-time working parents have a hard time paying for market-price full-time care, and for low-income parents, [that percentage balloons to 95%](#).

- In [40 states and the District of Columbia](#), child care costs for two children exceed average mortgage costs.
- In 2019, [72% of parents](#) who did not intend to have a child in the future because of financial reasons said child care costs significantly influenced their decision.
- [40% of parents](#) in the U.S. have gone into debt to pay for child care.

## Lack of Child Care Is Holding Back Our Economy

The inability to access care significantly impacts our entire economy. Parents' inability to access and afford child care causes higher rates of employee absence, turnover, postponement of education or training opportunities, reduction of working hours, and working parents leaving the workforce.

**Parents lose about [\\$30-35 billion in income](#) as they reduce working hours or leave the workforce given unaffordable early care and education costs.**

- A lack of child care causes businesses to lose an estimated [\\$12.7 billion annually](#) due to employee absenteeism.
- Reliable access to child care can generate an additional \$79,000 in lifetime earnings for mothers. What's more, single mothers who receive assistance for child care payments are nearly [40% more likely](#) to maintain employment over two years than those who do not.
- According to the [U.S. Chamber of Commerce Foundation](#), states miss out on hundreds of millions, if not billions of dollars each year in economic activity due to breakdowns in child care.
- [Recent surveys](#) show 55% of small business owners believe that the lack of affordable, high-quality child care for employees has had a negative impact on their business.

---

**The annual economic losses due to lack of child care range from  
\$500 million to \$3.5 billion in each state.**

---

Employers are desperate for workers, and women have been driven out of the workforce. To help fill empty jobs, we must remove barriers preventing parents, especially moms, from reentering the workforce.

## Federal Relief Funds: Critical Lifeline but Only a Stopgap

The federal relief funding was vital to preventing mass closures across the child care industry, however, as intended, relief funding will merely ensure the existing deeply troubled child care market simply survives. While survival of the industry is paramount, federal relief dollars will not address longstanding systemic instability. Nearly all states are in the process of obligating federal relief funds to support operational costs so providers can keep their doors open, provide incentives to recruit workers, and offer tuition relief for parents. While this funding has been instrumental in preventing the collapse of the child care sector entirely, it does not provide long-term solutions to the ongoing challenges faced by families and providers.

- Relief funding has only returned the child care industry to [90% of pre-pandemic levels](#).
- [16 states](#) have indicated that they will put some relief funding towards compensation or bonuses to help address some of the workforce shortages that have left classrooms empty. However, long-term solutions are needed to ensure a stable workforce to meet the needs of children and families.

## **Now is the Time to Build a Child Care System that Supports Children, Parents, Providers, and a Robust Economy**

As our country gets back on track and we look to build a robust economy for the future, Congress must invest in children, families, providers, and our economy by creating a system of early learning and care that works. To ensure working parents have options that meet their needs, additional federal investments are needed to address the longstanding challenges of the supply, affordability, quality, and operating of early learning and child care. Without long-term robust federal investments, our current inadequate system of care will continue to fall short for parents and employers, holding back our nation's long-term economic growth. Parents deserve comprehensive solutions that will help their young children thrive that include the following:

- Build a supply of high-quality child care that is available to parents when and where they need it, regardless of where they live.
- Ensure parents can afford the child care option that best fits the needs of their child.
- Support a stable early learning and care system that compensates caregivers and early childhood educators for their valuable and complex work.
- Provide equitable access to preschool in a variety of settings that allows parents to choose what is best for their child by strengthening existing high-quality programs or creating new ones where they don't exist.

