

# Early Learning and Child Care: Unaffordable, Unattainable, Unsustainable

Parents and employers rely on affordable, quality child care to support a robust workforce – but it's often out of reach for too many



Child care is an integral pillar to supporting a robust economy, with 27 million Americans relying on it to go to work. But for decades, the skyrocketing cost of quality care and the limited supply across the country have created insurmountable challenges for too many families. Every day, working parents and businesses see and feel the impacts of the country's child care challenges first hand. Our nation's economy loses **\$30-35 billion in income each year** because families, unable to afford high costs of care, are forced to leave the labor force or reduce working hours to care for their children.

When the pandemic shined a light on the essential role child care plays in our nation's economy, Congress came together to prioritize short term relief funding to keep the sector afloat. As we transition and relief funds expire, Congress must come together to strengthen and invest in our federal early learning and care programs so that families can have access to reliable high-quality, affordable child care they depend on.

## Parents Need Options but Child Care is Hard to Find

Today, 26.8 million people—16% of the U.S. workforce—rely on child care in order to do their jobs 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.**
- **From December 2019 to March 2021, 15,856 providers closed their doors, only making it harder for parents to find the care they need.**

Unlike other industries, there is no market-based solution to America's child care crisis. Providers cannot charge families more due to the already high cost of care. To remain solvent, early learning programs must often resort to offering lower compensation for child care workers and staff in order to cover high fixed costs and avoid compromising safety and quality for children. At the same time, early educators are leaving the workforce for higher wages in other sectors. This high turnover contributes to forced classroom and provider closures, which is detrimental to children, employers and parents alike.

- ▶ The child care sector is still down 88,400 jobs from pre-pandemic levels, as many providers have opted for higher-paying jobs in other industries. **In stark contrast, all private sector jobs and nonfarm employment have been recovered.**
- ▶ 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. Nearly 60% of child care providers are experiencing staff shortages.
- ▶ The median pay for child care workers, who often have degrees and specialized training, is \$13.22 per hour.
- ▶ According to recent bipartisan polling by FFYF, one in five voters has had to cut back on work hours, cut back on other household essentials, turn down a job opportunity, or leave the workforce entirely due to child care issues.

## Child Care is Essential to Our Economy

The inability to access quality child care significantly impacts our entire economy. 15 million children under the age of six have all residential parents in the workforce, with roughly 11 million in need of quality child care so that their parents can work. 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 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.
- 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.
- A 2022 survey of parents nationwide found that 59% are more concerned about child care costs than ever before, which is driving significant changes to their lives, **including reducing hours at work and leaving the workforce entirely.**
- According to recent polling by FFYE, one in three small businesses report multiple child care-rooted workforce problems in the past 12 months.

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

## Child Care is Financially Out of Reach

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 2021 was roughly \$10,600.
- In 44 states and the District of Columbia, **child care costs for two children exceed average mortgage costs**.
- 40% of parents in the U.S. have gone into debt to pay for child care.



## Underinvestment is Holding Back Families & Our Economy

Working parents are dealing with the realities of the child care crisis in America every single day. High-quality child care and early learning programs play a crucial role in supporting children's healthy development, while also supporting parents' ability to work, train, or pursue an education. Funding levels for these core early learning programs - like the **Child Care and Development Block Grant (CCDBG)** program, **Head Start** and **Early Head Start**, the **Individuals with Disabilities Education Act (IDEA)**, and more - are set each year by the annual budget and appropriations process.

**But these programs only reach a fraction of the eligible children and families they are intended to serve, underscoring the need for Congress to provide substantial discretionary funding increases.**

- In almost all states, CCDBG reaches less than 15% of eligible children.
- In half of all states, CCDBG reaches less than 10% of eligible children.
- In a vast majority of all states, Head Start reaches less than 1 in 5 eligible children.
- In roughly half of all states, only 20% of 3- and 4- year olds are being served by publicly funded pre-K programs.

To ensure that all families who want or need to access these programs can do so, and to stave off the worst of the child care crisis, Congress must continue to build on bipartisan support for increased funding for our core federal early learning and care programs.

To learn more about the early childhood landscape in your state, [click here](#).

## Short-Term Relief, Long-Term Crisis

While the federal relief funding was vital to preventing mass closures across the child care industry and has been instrumental in preventing the collapse of the child care sector entirely, it did not provide long-term solutions to the ongoing challenges faced by families and providers.

- **92%** of child care providers who received this federal relief funding say these grants are what has kept their businesses open, though **75%** of child care providers say that the end of stabilization grants will be devastating to their programs.
- Now as states are creating their budgets, governments are facing **an estimated \$48 billion funding cliff upon expiration of the federal child care relief funding in 2024**. 14 states are facing shortfalls of more than \$1 billion dollars.

## Our Country Cannot Afford to Wait

Congress must invest in a system of early learning and care that meets the needs of working families, providers, and our economy. Working families deserve comprehensive solutions that will help their young children thrive that include the following:

- 1 Building a robust supply of high-quality, affordable child care options that are available to parents when and where they need it, regardless of where they live
- 2 Ensuring parents are able to select child care options that best fit the child's and family's unique needs
- 3 Supporting a stable early learning and care system that can recruit and retain a workforce of high-quality early childhood educators
- 4 Creating a coherent, well-connected system of early childhood education, where federal early learning and child care programs and policies aimed at supporting young children and families are aligned and supported