

Issues and Challenges to Creating a Stable and Affordable Child Care System

Severe lack of investment in child care has led us to today's crisis

Child care plays a crucial role in shaping children's early development and supporting parental employment, but the child care sector operates on razor-thin (if any) profit margins, making it incredibly vulnerable to changes in demand, increased cost of goods needed to provide care, rental and facility ownership costs, reduction in the child care workforce, and more.

At the height of the pandemic, the child care industry lost 35% of its total workforce, and it has been one of the slowest sectors to recover, further increasing the fragility of a system already in crisis.³⁵ American Rescue Plan child care stabilization funds have been propping up the sector—allowing providers to pay more than the poverty-level wages that are preventing talented workers from joining or staying in the child care workforce. But those funds were temporary and when they expire in September 2023, the sector will feel a tremendous loss.

Child care providers face rising operating costs and struggle to compensate their staff adequately, resulting in low wages and high turnover. Child care closures have always disproportionately affected low-income households and communities of color, and this was especially true during the pandemic.³⁶

While many very low-income families qualify for child care assistance through federal subsidies (e.g., from the Child Care and Development Block Grant) to help offset high and rising prices, these subsidies do not cover the full cost of the child care they use, often leaving them with unaffordable co-pay expectations that make even subsidized child care inaccessible. Additionally, with various strict work and proof of earning requirements, many low-income families who are eligible for financial aid still do not receive it.³⁷ In the latest year for which data were available, just 16 percent of *eligible* families received a subsidy through CCDBG.³⁸

³⁵ https://aspe.hhs.gov/sites/default/files/documents/71981d3ec3a1d02537d86d827806834b/Child-Care-Trends-COVID.pdf?tid=lk_inline_enhanced-template

³⁶ <https://www.americanprogress.org/article/the-child-care-sector-will-continue-to-struggle-hiring-staff-unless-it-creates-good-jobs/>

³⁷ https://www.clasp.org/wp-content/uploads/2022/01/2019_CCDBGhelpingworkingfamilies_ONLINE.pdf

³⁸ <https://www.gao.gov/assets/gao-23-106073.pdf>

The lack of permanent investment in child care has resulted in substantial economic burdens for parents, employers, and taxpayers, with losses of \$122 billion annually.³⁹

The demand for child care exceeds the available slots, leaving millions of children without care options. A recent report by Ohio's Action for Children found that within the seven-mile radius of the new Intel plant, eighteen licensed child care operators have a total capacity of caring for about 2,200 children. This capacity will not be sufficient to meet the demand of an additional 7,000-10,000 construction and facilities workers, many of whom will likely need child care.⁴⁰



To learn more about child care costs in your state:

The [National Database of Childcare Prices \(NDCP\)](https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting) is the most comprehensive federal source of childcare prices at the county level. The database offers childcare price data by childcare provider type, age of children, and county characteristics.

<https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting>



³⁹ <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>

⁴⁰ https://www.actionforchildren.org/wp-content/uploads/2023/04/CHIPS-White-Paper-April-2023_FINAL.pdf