



THE  
**US** AND THE  
**HIGH PRICE** OF  
**CHILD CARE**

An Examination of a Broken System

# ABOUT CHILD CARE AWARE® OF AMERICA

Child Care Aware® of America is our nation's leading voice for child care. Our vision is that every family in the United States has access to high-quality, affordable child care. We advance a child care system that effectively serves all children and supports children's growth, development and educational advancement and creates positive economic impact for families and communities.

To learn more about our mission,  
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## Child Care Aware® of America

1515 N. Courthouse Road, 3rd Floor, Arlington, VA 22201



**Phone** (703) 341-4100



**Fax** (703) 341-4101



**[usa.childcareaware.org](http://usa.childcareaware.org)**

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# FROM THE EXECUTIVE DIRECTOR



**Child Care Aware® of America (CCAoA) is excited to release the 13th edition of our annual report about the unaffordability of child care across the country.**

This year, we changed the title of the report from The US and the High Cost of Child Care to The US and the High Price of Child Care. We made this change in an effort to be more mindful of what we are reporting. Each year, states report the annual prices that child care providers charge for their services. This does not necessarily reflect how much it actually costs a provider to run a child care business and it may not represent what parents actually pay for child care.

Child care remains unaffordable for many American families. Nationally, we found that center-based child care for infants can cost single-parent families an average of 36% of household income.

Last year, we emphasized that child care is an issue that affects all of us – not just parents. A complex system like child care that relies so heavily on parent fees is not sustainable. Families currently cannot afford the price of child care and child care professionals are struggling to provide quality services without adequate compensation for that service provision. In this year's report, each section represents a member of the child care ecosystem – children, families, providers, communities, government and private businesses. Each member of this system is affected by a lack of accessible, affordable and high-quality child care. For example:

- When parents cannot access or afford child care, the results for businesses are lost profits and productivity due to absenteeism and turnover.
- Children who cannot access high-quality child care are less likely to be prepared for school.
- Families who cannot afford child care may not be able to work, which affects their ability to be financially stable. This can put a strain on government assistance programs.

There are a multitude of benefits for each member of this child care ecosystem when families have access to affordable, high-quality child care. Research shows that quality child

care helps children learn and prepare for school and life. The potential long-term benefits of quality care are robust and includes adults that are more skilled, better educated, have better employment opportunities and more stable families.

We are excited to offer readers a deeper dive into the child care price issue. This year, we:

- Updated our popular interactive Price of Child Care Map.
- Revised our national figures for the price of child care and provided an explanation of the challenges inherent in calculating a national price of child care figure.
- Revised our millennial map with updated millennial salary information and provided a new Appendix that summarizes average millennial income and child care prices in each state.
- Delved deeper into specific child care issues with three case studies in Louisiana, the Washington D.C. metro area and the Seattle, Washington metro area.
- Included county-level prices for 11 states in a supplement on our webpage.
- Formulated policy recommendations based on three underlying policy needs which can help support the child care workforce and help families afford child care.

Every family should be able to access affordable and high-quality child care. Yet this is not currently the case, especially for families of color and families with low-incomes. We hope

that you will use our report to make the case for equitable access to affordable and high-quality child care. Specifically, we encourage you to:

- Find out how your state ranks in the various price tables;
- Reach out to the lawmakers in your state and district to share your thoughts on child care issues; and
- Explore our Child Care Works website to learn more about how take action and advocate for child care

We remain optimistic that with increased public and private investment and meaningful solutions that support working parents, we can ease the burden on American families. Through careful planning by the government at the federal, state and local levels, all of US can work toward quality, affordable child care settings available for working parents in every community. It is time for us to take significant action for our children and economic future.

My best,



**Lynette M. Fraga, Ph.D.**  
**Executive Director**  
Child Care Aware® of America

# EXECUTIVE SUMMARY

Child Care Aware® of America is committed to keeping the nation informed about the high price of child care and the burden it places on families. We depend on our partner Child Care Resource and Referral (CCR&R) agencies to provide us with price data and would not be able to produce this report without their support. CCR&Rs serve as a hub for families, child care providers, businesses and community stakeholders to access information, resources and services to increase the availability of quality, affordable child care for all.

In this report, we discuss our model for the child care ecosystem that includes the following six key members:

- Children
- Families
- Child Care Providers
- Communities
- Government
- Private Businesses

CCR&Rs work with all of these entities in their efforts to strengthen the child care system in the US. Although not everyone in the US is parenting a child, it is in everyone's best interest to fix the broken child care system. Access to affordable, high-quality child care helps children grow into productive members of society who contribute to the economy and have healthier outcomes. This results in a stronger economy, reduced burdens on government assistance programs and reduced health care costs. Businesses benefit when their employees have stable child care, as they have less absenteeism and lower employee turnover. Parents with access to affordable, quality child care can work and build financial stability. Our report examines each of the members of the child care ecosystem and how they are affected by a broken child care system.

Check out our interactive Price of Child Care map to browse states for prices and affordability by child care type and find out how county and regional prices vary in Alaska, Delaware, Iowa, Maryland, Massachusetts, Minnesota, Missouri, Nevada, New Hampshire, Oklahoma and Wisconsin. This year, we included four case studies that closely examine specific child care issues. These include:

- An updated regional examination of child care prices in the Washington D.C. metro area
- A revised millennial map with updated millennial salary information
- An overview of a cost modeling study conducted in the state of Louisiana, which sought to determine the true costs associated with running a high-quality child care center
- An analysis of child care subsidy eligibility disparities in the Seattle, Washington metro area.

We conclude this report with a review of policy recommendations. Our primary recommendations involve making child care more affordable for families and supporting the child care workforce. This can be accomplished through three underlying policy needs: improved data collection and analysis, enhanced parent and provider awareness and strengthened financial mechanisms.

# INTRODUCTION

For the past 13 years, Child Care Aware® of America has kept the nation informed about the price of child care for families. We have spent more than 30 years advocating for families and partnering with Child Care Resource and Referral (CCR&Rs) agencies, and we are excited that other organizations are now joining us in the call for affordable, quality child care for all families. Although child care remains unaffordable for many working families, we believe that, together, we can create a system of accessible, affordable and high-quality child care options for all families.

To this end, The US and the High Price of Child Care highlights the unaffordability of child care as a societal concern, not just a parental or family

issue. As we lay out in this report, we view child care as an ecosystem with interrelated elements, each contributing to the prices parents pay and the prices facilities charge to run a child care program. Each section of the report will discuss an element of this ecosystem, how it struggles and how it can help build a better child care system in the US.

When one element of a system struggles, the entire ecosystem flounders. The US economy suffers when parents have to miss work or even give up their jobs because they cannot find suitable child care arrangements. Conversely, when families have access to affordable, high-quality child care, the benefits ripple throughout the ecosystem. Research has shown that



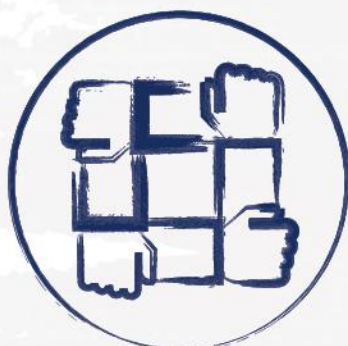
CHILDREN



FAMILIES



PROVIDERS



COMMUNITIES



GOVERNMENT



BUSINESSES

children who attend high-quality child care programs have better outcomes later in life, including increased education and earnings and less contact with the criminal justice system. These kinds of outcomes save the government money in the long run. Investing in child care is not just an investment in children and families, it is an investment in the building blocks of the United States (US). And it will take all of us, at all levels, to solve the child care price dilemma.

This year, we decided to change our terminology from 'cost' to 'price' of child care. We are moving away from using the term 'cost of care' because the data that we collect only reflect the average prices that providers charge in each state. We do not have data on the actual costs to parents. For example, parents who qualify for child care subsidies typically pay less than the average price providers charge. Many providers also have additional charges, such as activity or enrollment fees, which are not reflected in the data we collect. It is important to understand that we are reporting states' best estimates of the amount parents are charged, on average, across the state for child care, not necessarily the amount they are actually paying. Additionally, these prices may not completely reflect how much it costs to operate a high-quality child care business. Ultimately, understanding both the amount amount that parents actually pay for child care and the costs required for providers to stay in business can give us a more complete picture of child care costs in the country. We will pursue this fuller data picture over the next one to two years.



As in previous years, we report on a variety of data related to the price and affordability of child care. We provide statistics on the average price of care for each state and the percentage of median income married and single parents pay for child care. We report price and affordability percentages for center-based and family child care in the Appendices. Also, for the third year, we have calculated the national average child care price and have explained the challenges involved with estimating these prices.

Our interactive Price of Child Care map allows you to browse states for prices and affordability by child care type and find out how county prices vary in Alaska, Delaware, Iowa, Maryland, Massachusetts, Minnesota, Missouri, Nevada, New Hampshire, Oklahoma and Wisconsin. This year we also highlight three regions as case studies: the Seattle metropolitan area in Washington State, the District of Columbia metropolitan area, and the state of Louisiana. For each case study, we provide a different focus on child care price issues with which families and advocates grapple.

Finally, throughout each section of this report, we focus on the ways in which CCR&Rs work tirelessly to improve the child care ecosystem by engaging with multiple stakeholders, collecting data and supporting families. CCR&Rs emerged in the 1960s and 1970s as a grassroots response to the massive entry of women into the workforce and the resulting unprecedented need for child care to support America's working families.<sup>i</sup> As demand increased, CCR&Rs became the primary source of specialized training and technical assistance for child care businesses. Their unique relationship with parents and child care providers allowed CCR&Rs to quickly become trusted partners for communities, businesses and policy makers interested in making a positive impact on child care for working families. CCR&Rs interact with each member of the child care ecosystem, and we will highlight the innovative solutions they are developing, along with the valuable work they do.<sup>ii</sup>





# CHILDREN

Every child has the right to a quality start in life. From birth to age five, children's brains develop at a rapid rate. While it is important for young children to form attachments to their parents, children also benefit when they form secure and nurturing relationships with other adult caregivers, such as child care providers. Research has shown that when a caregiver replies warmly and appropriately to an infant or young child's gestures and cues, the child forms neural connections that help develop communication and social skills.<sup>iii</sup> Since millions of children ages birth to five are in child care settings for many hours per week, these 'serve and return' interactions are critical to proper development.

Continuity of Care refers to the practice of ensuring that young children have consistent engagement in developmentally appropriate, high-quality learning activities with a sensitive and responsive caregiver with whom they have a stable relationship.<sup>iv</sup> A wide variety of organizations that advocate for early care and education recommend policies and practices that promote the Continuity of Care Model, including the National Association for the Education of Young Children (NAEYC), Ounce of Prevention Fund and Zero to Three.

Despite the critical role that affordable, high-quality, stable child care arrangements can play in achieving equity in early learning and child development, such care remains an unattainable dream for many American families. Many parents rely on a patchwork quilt of child care arrangements, which leads to frequent disruptions in a child's day. Child care instability has been associated with an increase in child

behavior problems and a decrease in prosocial behaviors.<sup>v</sup> If parents had more affordable, consistent child care options, they would have more dependable work supports, and their children could meet their development potential.

## SPOTLIGHT ON: CHILDREN WITH SPECIAL NEEDS

- Nearly 5.7 million children under age six have at least one functional difficulty (one or more of 12 categories, including blindness, breathing issues, swallowing issues, etc.).<sup>vi</sup>
- Over 1.7 million children under age six have at least one complex health need, which requires ongoing specialized treatment and services.<sup>vii</sup>
- An estimated 17% of children ages two to eight have a diagnosed mental, behavioral, or developmental disorder.<sup>viii</sup>



Young children with special needs are more likely to live in low-income households.<sup>ix</sup> However, their families are less likely to use child care subsidies, compared to young children without disabilities.<sup>x</sup> Parents of children with special needs may not be aware of their eligibility, and of the frontline staff who could provide education about this assistance. Children with special needs and their families benefit from supports that are provided during their early years. Unfortunately, families report that there are a limited number of child care providers who can care for their special needs children.<sup>xi</sup> Reasons for this lack of supply include increased prices to accommodate children with special needs and lack of provider confidence in their ability to care for these children.<sup>xii</sup> The 2014 reauthorization of the Child Care Development Block Grant (CCDBG) identified increasing access to child care for this population as a priority. State child care subsidy administrators are now required to provide data on how they are prioritizing children with disabilities and how many are being served.<sup>xiii</sup>

## SOLUTIONS

CCR&Rs work to increase accessibility of high quality child care in their communities. They offer an array of activities designed to support

children with special needs. They help both families and child care providers learn about physical, social, and emotional development, environmental adaptations and community resources to meet each child's individual needs.

Over half (53%) of the nation's local CCR&Rs offer enhanced child care referrals for families with children with special needs. The enhanced referral service includes in-depth consultation with families seeking child care, vacancy checks to confirm age-specific openings, and ongoing consultation for the family during and after the child care search. CCR&Rs play an important role helping families understand their rights under the American's with Disabilities Act.

Nearly 9 out of every 10 CCR&Rs works to increase the supply of child care in their communities. They focus on building capacity in geographical areas with the highest demand as well as to support vulnerable populations, including children with special needs.

One in four (25%) of CCR&Rs are staffed with Inclusion/Special Needs Specialists. These staff deliver training, on-site technical assistance, and resources to child care providers who care for children with special needs.



## NORTH CAROLINA'S SMART START

Created in 1993, Smart Start began as an innovative solution to a lack of school readiness that teachers recognized in their incoming kindergarteners. Policymakers established public/private partnerships throughout the state, putting the impetus on communities to identify gaps in their early childhood landscape and propose solutions. One of their featured initiatives is Shape NC: Healthy Starts for Young Children, a partnership between Blue Cross and Blue Shield of North Carolina Foundation, The North Carolina Partnership for Children, Inc. and the Corporation for Community and National Service, created to increase the number of children entering kindergarten at a healthy weight and ready to learn. In 2016, researchers estimated 10,000 children from birth to age five benefitted from Shape NC, and data from their study demonstrated a statistically significant decrease in BMI percentile across weight classifications.



# FAMILIES

Child care is expensive for most families. This statement should not come as a shock to anyone who has had any experience finding or providing child care. In this section, we will highlight how much the average American family struggles each day to pay for child care and highlight certain populations that face even greater challenges in this area. However, it is important to pause and define a few key terms

in order to explain how we define child care prices and affordability.

- Center-based child care: care provided for a larger group of children in a facility that is outside of a private home.
- Family child care: care provided in a home setting for a smaller group of children (usually under 12 children).



## CALCULATING AFFORDABILITY

In order to estimate how much families spend on child care, CCAoA calculates affordability percentages using state median income information found in Table B19126 of the 2013–2017 American Community Survey five-year estimates from the US Census Bureau. A summary of how affordability percentages are calculated can be found below.

Household Type**	Calculation
Married-couple families	Annual price of care ÷ Median income by state, married couple with children under age 18
Single parent households	Annual price of care ÷ Median income by state, single female householder with children under age 18

The least-affordable states for child care have the highest child care prices relative to family income. This statement does not mean that the least-affordable state had the most expensive child care, only that the price of care as a percentage of income was higher than any other state. For example, while the average price of family child care for infants in the District of Columbia is higher than in the state of Nebraska (\$16,737 versus \$12,480), when you consider the prices in the context of median income for married couples with children, Nebraska was less affordable. This is because median income is higher in the District of Columbia than in Nebraska. The distribution of types of child care within each state also directly shaped the affordability rankings in this report. Minnesota, for example, ranks among the 10 least-affordable states when considering the price of center-based infant care for a married couple with one child. However, this is a state where the number of family child care providers surpasses the number of centers by a large margin. Using family child care as the price factor, Minnesota is among the 15 most-affordable states.

\*\*Based on the US Census Bureau [definition](#) for married-couple families and single parent households.

## CALIFORNIA

is the **least affordable** state for families with an **infant** in center-based care.



## CHILD CARE IS ONE OF THE HIGHEST BUDGET ITEMS FOR FAMILIES

Our analysis found that the least-affordable state for center-based infant child care is California, with this type of care costing families approximately 17.6% of annual income. Meanwhile, the least-affordable state for infants in family child care (FCC) settings is Nebraska. Here, this type of care costs families an average of 14% of annual income. In 2016, the Office of Child Care under the U.S. Department of Health and Human Services, Administration on

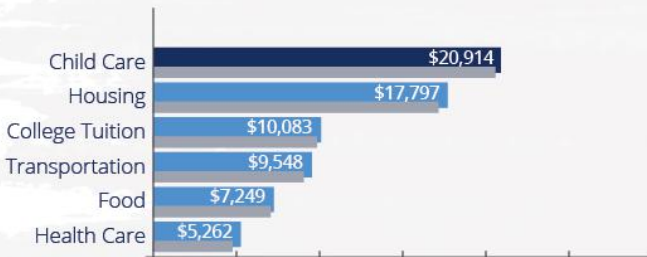
Children and Families, set a federal benchmark for families receiving subsidies, stating that affordable co-payments for these families should not exceed 7% of household income.<sup>xiv</sup> This benchmark is also used in the proposed Child Care for Working Families Act, which would limit child care expenses to 7% of income for families with low incomes.<sup>xv</sup> Therefore, we use this benchmark to compare the affordability of child care against state median income and to determine the burden that child care expenses places on families. Please see our Appendices for complete rankings of states by age group and provider type.

Overall, working families across the country pay a large percentage of their annual earnings to cover the price of child care. Figure 1 is a regional breakdown of the average annual price of full-time care in a center for two children (an infant and a four-year-old) compared to other household prices. Those other prices include housing, transportation, food and health care. In the Midwest, Northeast and South, the price of full-time, center-based care for two children is the highest category of household expenses. In

➔ Figure 1: Average Annual Household Expenses by Region

■ 2017 Cost ■ 2018 Cost

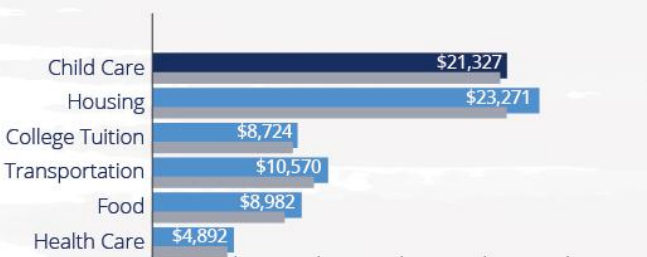
### Midwest



### Northeast



### West



### South





## CHILD CARE AWARE® OF AMERICA'S INTERACTIVE CHILD CARE PRICE MAP

The Price of Child Care Interactive Map, which allows users to quickly access a variety of price data for each state, is available on CCAoA's website. To access the interactive tool, visit: <http://usa.childcareaware.org/priceofcare>. The map shows the most- and least-expensive states for center-based infant care in 2018, considering price as a percentage of state median income for a married couple with one child in child care. States are separated into four categories by affordability. According to our analyses, though, the average family in most states is paying substantially more than 7% of income that we set as our benchmark for affordability (based on the Office of Child Care co-payment benchmark for families receiving child care subsidies, as described in the section above). Depending on the state, the average price of full-time, center-based care for one infant ranges from just over 7% to nearly 18% of the state median income for a married couple. In fact, in 43 states and the District of Columbia, the average price of center-based care for an infant exceeds 10% of state median income for a married couple with children. Even for an older child, for whom care is less expensive than for an infant, in all but two states the average annual price for a four-year-old exceeds 7% of the median household income for a married couple with children. For more information about county-level data for these states, visit the Price of Child Care Interactive Map on our website. In addition to state-by-state average child care prices, we include county-level prices for 11 states: Alaska, Delaware, Iowa, Maryland, Massachusetts, Minnesota, Missouri, Nevada, New Hampshire, Oklahoma and Wisconsin.

the West, the price of child care for two children is surpassed only by the high price of housing. In every region in the United States, the price of housing and the price of child care far outweigh other major household expenses. The annual price of child care for two children exceeds annual mortgage payments for homeowners in 40 states and the District of Columbia. Child care prices for two children in a child care center also exceed annual median rent payments in every state.

In all regions of the United States, average child care prices for an infant in a child care center exceed the average amount that families spend on food and transportation combined. Appendix XI has information about child care center prices and median housing prices by state.

### NEBRASKA

is the **least affordable** state for families with an **infant** in family child care.

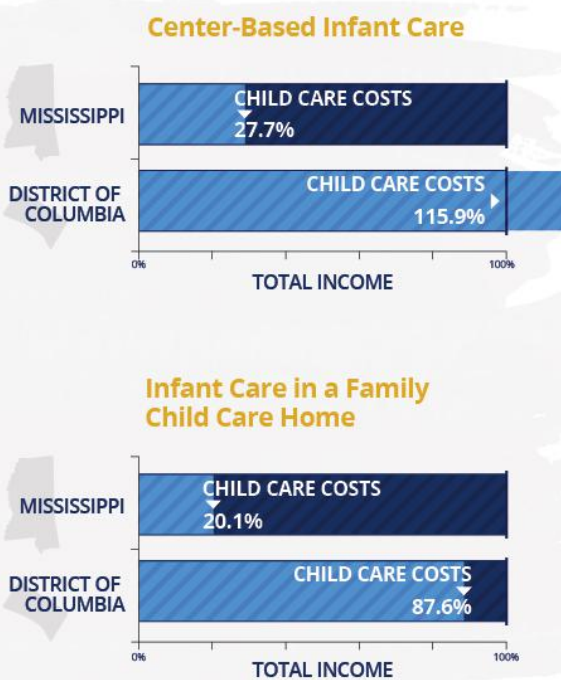


## CHILD CARE IS UNAFFORDABLE FOR FAMILIES WITH LOW INCOMES

Families who live at or below the federal poverty level are especially burdened with the high price of child care. In 2018, the federal poverty level for a family of three in the continental United States was \$20,780. Figure 2 shows where families who live at the poverty level would pay the highest and lowest percentages of their annual incomes on child care for an infant. For instance, a family of three in the District of Columbia who lives at the federal poverty level would not be able to afford center-based infant care, as the price exceeds its entire annual household income of \$20,780. This same family would pay nearly 88% of annual income for family-based child care for an infant. The story

is only marginally better for families who earn double the federal poverty threshold (\$41,560 for a family of three in the continental United States). A family in this situation would pay an average of nearly 14% of income on center-based infant care in Mississippi and over 57% of income on the same type of care in the District of Columbia. Likewise, the child care prices for infants in a family home setting for these families ranges from 10% in Mississippi to 44% in the District of Columbia.

➔ Figure 2: Key Facts on Child Care Prices and Poverty



## WORKING MOTHERS

Each day, working mothers in the United States face pressures to balance family and work. Even though many fathers are taking on more responsibilities in raising their children, mothers are still expected to do the lion's share of childrearing.<sup>xvi</sup> One study found that 39% of mothers are solely responsible for staying home when their children are sick.<sup>xvii</sup> Even women raising older children have child care difficulties. The typical American school schedule can also disrupt the productivity of working mothers. The largest school districts in the nation close



## WORKING FATHERS

While mothers tend to be the focus when we talk about child care, it is critical to consider the roles that working fathers play and the challenges that they face. Research has shown that having an involved father during early childhood can result in children having better linguistic skills and lower levels of disruptive behaviors.<sup>xxxv</sup>

Unfortunately, over half of working fathers find it challenging to balance work with family.<sup>xxxvi</sup> For instance, while 93% of employers offered maternity leave, only 76% offered paternity leave in 2016.<sup>xxxvii</sup> A study of over 1,000 working fathers found that 89% of them believed that paternity leave was important.<sup>xxxviii</sup> This same study found that, on average, respondents only took two weeks off after the birth or adoption of their child.<sup>xxxix</sup>

Another way to promote work-life balance for fathers is flexible scheduling. Options include a compressed work week (e.g. working four days a week for 10 hours per day) or a work schedule outside of the normal company hours (e.g. arrive at work early and leave early). Working fathers could bond better with their children and be more involved in child care arrangements by picking up a sick child and transporting children to and from their child care providers.<sup>xi</sup> Overall, working fathers are interested in flexible work scheduling. A recent survey found that 79% of respondents stated that offering flexible work options was very or extremely important to them.<sup>xli</sup> Offering flexible scheduling is one way for employers to give all of their workers more opportunities to be involved in their young children's lives.

an average of 29 days each school year, not counting summer holidays.<sup>xxviii</sup> This may explain why only 53% of women with elementary-age children are employed full-time.<sup>xxix</sup>

Overall, women are having children at later ages.<sup>xx</sup> If they decide to leave the workforce after having children, they may be leaving relatively senior-level positions that are more difficult and pricier for employers to fill. Labor force participation is a factor in economic growth.<sup>xxi</sup> If women continue to leave the workforce due to a lack of affordable, high-quality child care, the US economy could suffer. It is in everyone's best interest to support working mothers by increasing access to child care.

The Women's Bureau, which is under the Department of Labor, studies the issue of women in the workforce. Stakeholders can access more information about the Bureau through the [Meeting in a Box](#) resource, which includes a presentation slide deck, fact sheets and talking points about women in the labor force.

## SINGLE MOTHERS

An estimated 24% of American households with children are headed by single women.<sup>xxii</sup> Single mothers in the workforce are particularly affected by a lack of access to affordable and reliable child care, as they often do not have a partner who can assist with child care responsibilities. In addition, incomes for single female-led households tend to be lower than the median incomes for married-couple households. According to the US Census Bureau, the median family income for a household led by a single mother is \$26,141 per year, compared to a median income of \$91,621 for a married couple with children.<sup>xxiii</sup> Low income severely limits a single working mother's ability to afford high-quality child care. Many have to rely on a patchwork of child care arrangements consisting of family, friends and neighbors, none of whom may be licensed.

## STUDENT MOTHERS

There is evidence that when mothers pursue higher education, their children benefit. When mothers obtain postsecondary degrees, their



children are more likely to attend college.<sup>xxiv</sup> An estimated 22% of all undergraduates are parents.<sup>xxv</sup> However, parents who want to pursue higher education and training find it especially difficult to access affordable, high-quality child care. In a survey of student parents with low incomes, the Urban Institute found that over 50% of those attending school full-time relied primarily on family for child care.<sup>xxvi</sup> Education can be a gateway out of poverty for low-income parents. However, they need support to balance the demands of work, school and parenting.

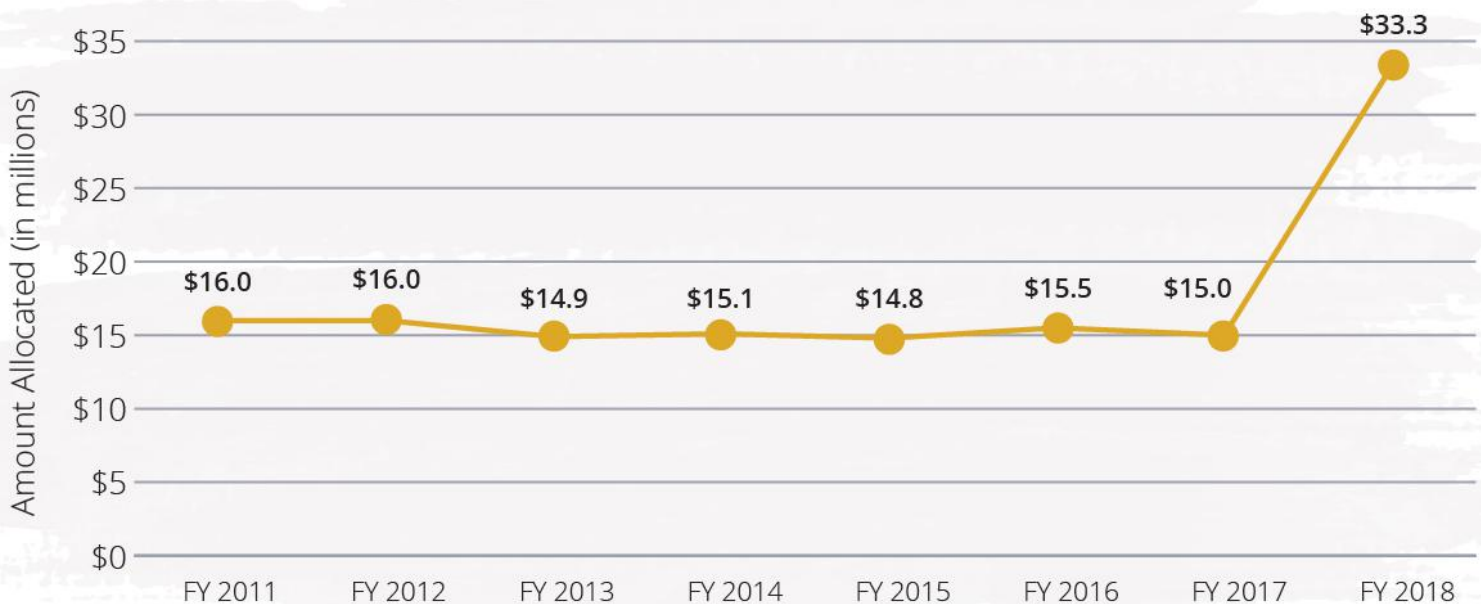
One support for these mothers lies in the CCAMPIS program, a federal program designed to provide funds to support or establish campus-based child care programs serving the needs of students from low-income backgrounds. At the most recent reporting from 2002–2004, the Department of Education reported that recipients of CCAMPIS funds had an average of 65% retention in their schools.<sup>xxvii</sup> Despite great results, funding has fluctuated over the past 20 years. As part of the omnibus spending package approved in 2018, funding doubled from \$15 million to \$33 million, expanding the number of

programs from 86 to 196.<sup>xxviii</sup> Table X shows the amount allocated by the federal government to the CCAMPIS program for the past eight years. Although this funding helped expand the program, experts noted that even increasing CCAMPIS funding to \$150 million dollars would only serve around 2% of the student parent population.<sup>xxix</sup> A much more significant public investment in CCAMPIS is needed to truly help parents use education to lift themselves out of poverty.

## MILLENNIAL MOTHERS

Millennials comprise the population born between 1981 and 1996. An estimated 17 million millennial women are mothers<sup>xxx</sup>, and, since 2017, millennials as a whole have comprised the largest segment of the American workforce, compared to other generations<sup>xxxi</sup>. Although millennial women have made great strides in educational attainment and career progress, they are still struggling to balance work and family life, much like women from previous generations. In a survey of millennial mothers, 74% reported that society does not

➔ CCAMPIS Funding Federal Fiscal Years 2011-2018



Source: US Department of Education. Funding Status: Child Care Means Access for Parents in School Program- FFY 2011–2018. Retrieved from <https://www2.ed.gov/programs/campisp/funding.html>

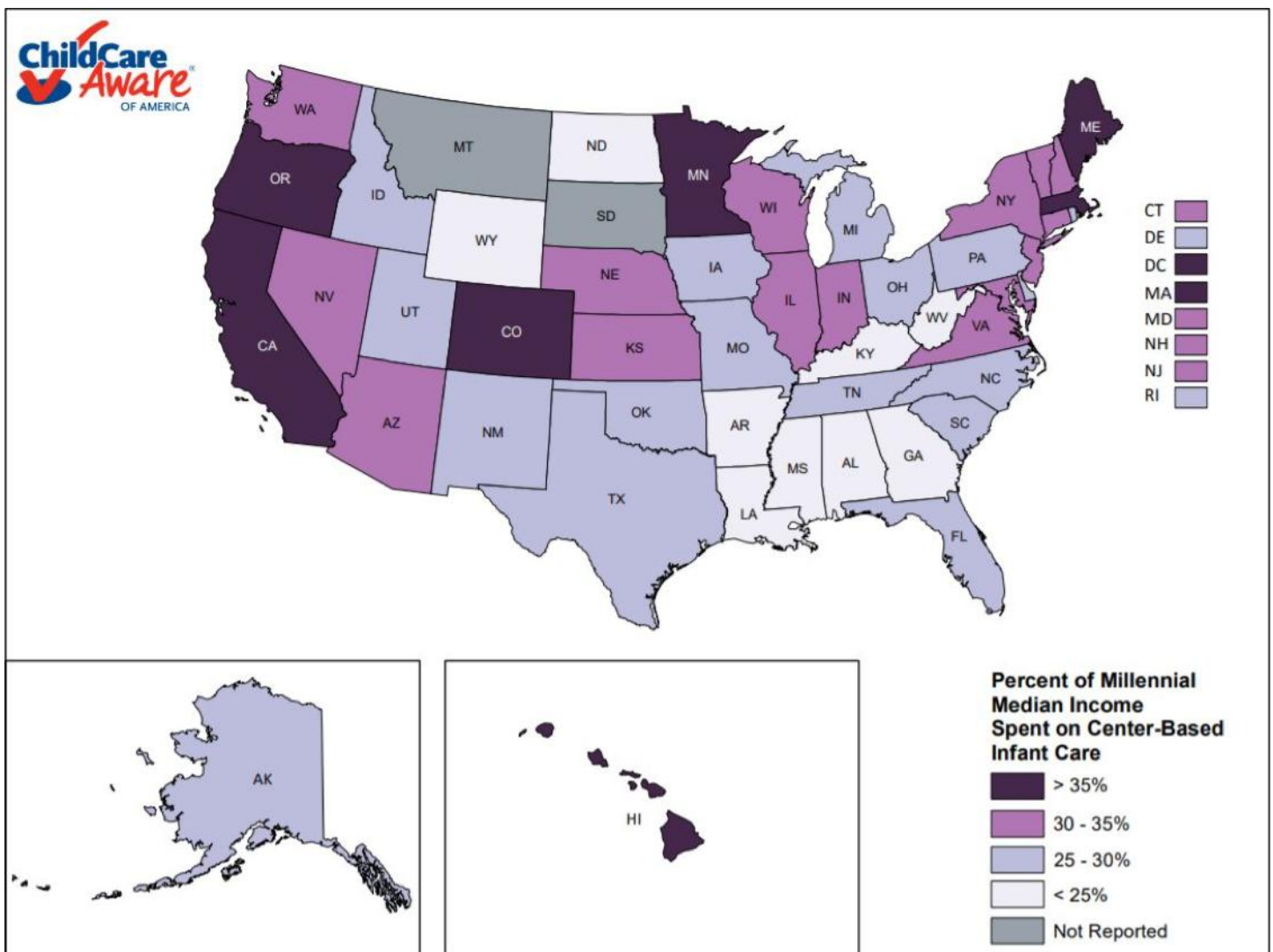


do a good job of understanding and supporting mothers.<sup>xxxii</sup> This same survey found that 50% of the sample have changed their work status due to becoming a mother, while 58% reported that their partner had not made any career changes due to becoming a parent. Respondents most commonly cited onsite child care facilities or subsidies and longer paid maternity leave as ways employers could support them.

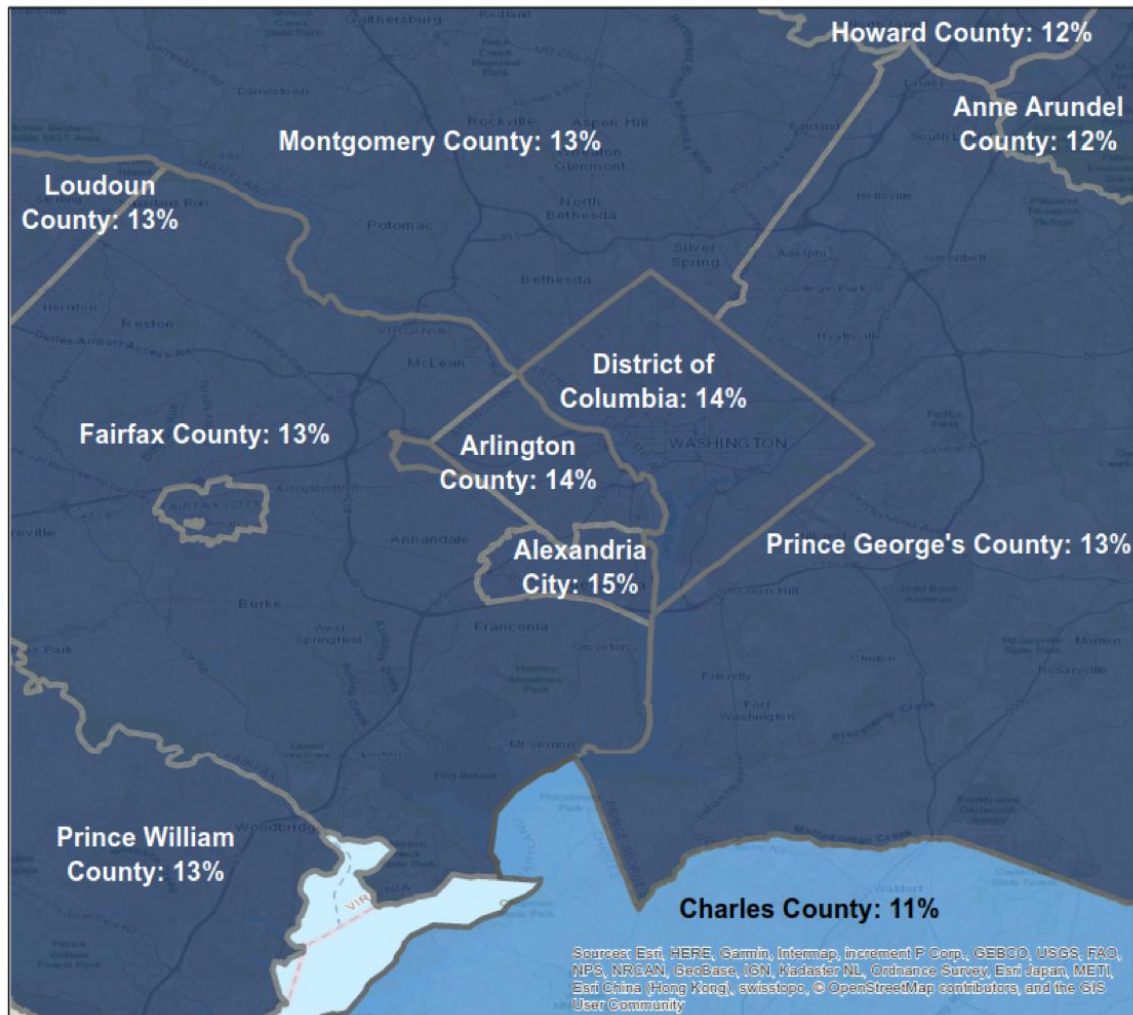
In 2015 and 2017, CCAoA created story maps to explore the relationship between millennials' incomes and the price of child care. Using updated data, we created a new map to show the average price of child care as a percentage of median millennial income in each state. The updated income data show that millennials

were earning significantly more in 2017 compared to 2015. This makes sense, as in 2015, many younger millennials were still in college and may have only worked part-time jobs. Now that this generation is older, they are earning more. However, millennial parents still pay a large share of income toward child care in most states. In eight states plus the District of Columbia, child care prices for center-based infant care cost millennial parents over 35% of average income. And center-based infant child care in all states were well above the US Department of Health and Human Services' recommendation that families with low incomes pay no more than 7% of household income for child care.<sup>xxxiii</sup>

➔ Millennial Map



## ➔ Child Care Prices as a Percentage of Annual Income in Washington D.C. Metro Area



### CASE STUDY

## CHILD CARE PRICES IN THE WASHINGTON D.C. METRO AREA

Washington, D.C. is consistently one of the most expensive cities for child care in our annual report. Last year, we highlighted the county-level price information for D.C. and the surrounding counties and found that the high price of child care extends beyond the District. With support from Child Care Aware® of Virginia and Maryland Family Network, we were again able to analyze county and municipality price information from the Virginia and Maryland suburbs just outside D.C.

Our findings continue to indicate that families living in the suburbs are paying similar child

care prices to those living in D.C. Families with infants living in either the Virginia or Maryland suburbs looking for center-based care can expect to pay between 11% and 15% of their median income on child care alone. These prices are directly comparable to child care prices in Washington, D.C., especially for families living just outside D.C. in communities like Arlington and Alexandria in Virginia and Montgomery and Prince George's Counties in Maryland.

Having two children puts a uniquely different strain on families living outside the District. Because of Washington, D.C.'s universal Pre-K program, 70% of D.C. families with three year olds, and 90% of families with four year olds who use this program get some relief from high child care prices. Those living in Maryland and Virginia are not eligible.

**96%** of CCR&Rs help families find child care.

CCR&Rs are positioned to help all families navigate complicated child care systems by providing consumer education and referrals to affordable, quality child care. They believe parents are their child's first teachers, and therefore provide information and resources that will help families make informed child care choices based on their preferences.

### CCR&R ACTIVITIES TO HELP ALL FAMILIES<sup>xxxiv</sup>

- Help families identify and recognize the value of high-quality early-learning experiences
- Help families take advantage of available tax credits and deductions
- Explore creative solutions when child care prices exceed a family's ability to pay
- Assist families during emergency child care closures, ensuring families are able to find alternative care so parents can continue to work
- Support families by encouraging financial planning for child care expenses, including helping families evaluate the costs/benefits of using child care versus staying at home with children

CCR&Rs help families with low incomes access financial assistance to help pay for child care. More than half of all local CCR&Rs directly administer at least one child care fee assistance program, and 37% administer CCDF child

care subsidy vouchers and scholarships to eligible families. When CCR&Rs do not directly administer these programs, they connect families to appropriate eligibility offices.

### CCR&R ACTIVITIES THAT HELP FAMILIES WITH LOW INCOMES

- Administer and/or connect families to public resources like CCDF vouchers
- Connect families to child care programs that offer sliding fee scales or sibling discounts
- Raise funds to support CCR&R-sponsored scholarships
- Connect families to additional resources such as housing, fuel and food assistance



Many families who are not considered low income, and who are therefore ineligible for public child care assistance programs or other income-based resources, struggle to afford child care. CCR&Rs are available to explore creative solutions in these cases. All families

with children are eligible for tax credits — and those using child care are eligible for further deductions. CCR&Rs can help families take full advantage of these benefits and more.



[Childcare Resources](#), the local CCR&R in Birmingham, Alabama partnered with community and financial organizations to develop a program called, “Building Brains and Bank Accounts.” The program focused on supporting mothers with young children in three ways:

1. Offering financial assistance for child care from Childcare Resources,
2. Establishing a child savings account with matches from PNC Bank, and
3. Financial coaching by Gateway Financial Freedom.

The project was a collaboration between Childcare Resources, PNC Bank, Gateway Financial Freedom, the Women’s Fund Collaboration Institute 2.0, Alabama Asset Building Coalition and Southern Regional Asset Building Coalition. It is funded by the

James Milton and Sallie R. Johnson Foundation, the Thompson Foundation, Wells Fargo and BBVA Compass. Other funders joined PNC in supporting model classrooms, including donating furniture and other materials to furnish the classroom.

Childcare Resources participated in webinars and conference calls to reach out and collaborate with businesses and non-profits with whom they already had a working relationship, along with businesses they did not. Childcare Resources also wanted to partner with businesses that had projects in communities, such as a local non-profit providing credit counseling. Unfortunately, the project was unable to garner additional funding and has ended. Even so, it did open doors for other collaboration opportunities. Childcare Resources partnered with PNC Bank to create model child care classrooms where aspiring professionals would have access to hands-on learning experiences. Together, Childcare Resources and PNC Bank opened a model preschool classroom in 2017 and model infant and toddler classrooms in 2018. Each aspiring teacher receives six three-hour training sessions led by CCR&R staff. The goal of the model classrooms is to create a pipeline of quality child care professionals.

**“Next to paying our mortgage, that’s the next highest bill in my house. My question is: can I eat while I pay for child care? That is a huge issue for us.”**

- Parent Focus Group, Indianapolis



# PROVIDERS

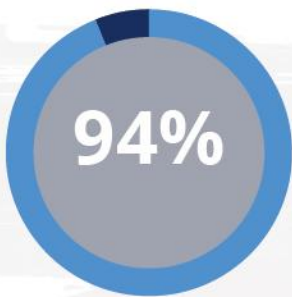
## DEMOGRAPHICS, WAGES AND COMPENSATION OF THE CHILD CARE WORKFORCE

Roughly 1.5 million people in the United States work in the child care profession.<sup>xiii</sup> As children under the age of five spend an average of 36 hours per week in a child care setting, these early childhood professionals provide an invaluable service for families.<sup>xliii</sup> And yet, wages for child care workers are among the lowest in the US

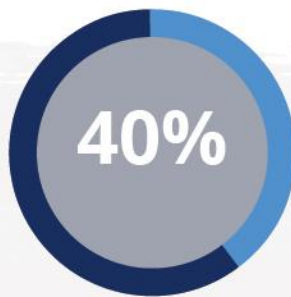
workforce. According to the Bureau of Labor Statistics, the average wage in 2018 for those employed in child care centers was \$11.17 per hour.<sup>xliv</sup>

The Center for the Study of Child Care Employment releases a biennial Early Childhood Workforce Index which examines how much each state has progressed on such indicators as compensation, qualifications and work environments. Between 2016 and 2018, there was no significant change in compensation for

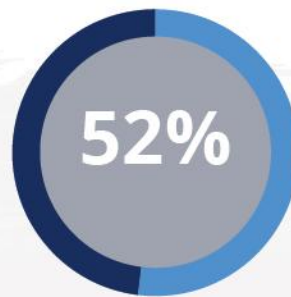
### ➔ A Profile of the Child Care Workforce



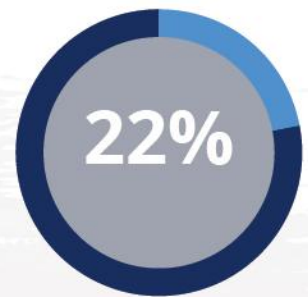
Women<sup>vii</sup>



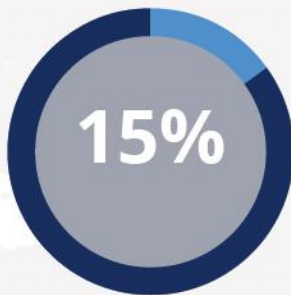
People of Color<sup>viii</sup>



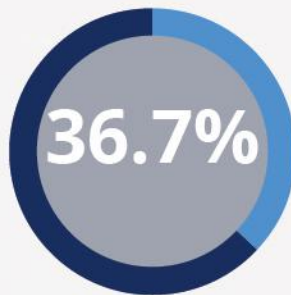
Mothers<sup>xiii</sup>



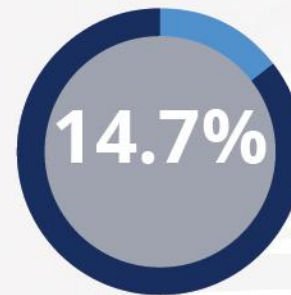
Foreign-born<sup>lix</sup>



Receive health insurance coverage<sup>lxii</sup>



Live below 200% of the federal poverty line<sup>lxi</sup>



Child care workforce living below the poverty line<sup>lx</sup> (compared to 6.7% of workers in other industries)

the early childhood workforce in 44 states.<sup>xlv</sup> Wages for early childhood educators have remained stagnant, even though more child care workers have bachelor's degrees now than ever before.<sup>xlvi</sup> While they may find the work rewarding, many are forced to leave the field because they simply do not make enough money, leading to high turnover. Children enrolled in early education programs with low turnover and higher staff compensation witness and experience more positive interactions that are crucial to their healthy development. They also spend more time engaging in developmentally positive activities.<sup>xlvii</sup> High turnover can result in young children not getting the interactions they need in order to thrive in early childhood programs.

**While early childhood education professionals work tirelessly to care for our young children, many of them cannot afford child care themselves.** According to our calculations, child care professionals in every state from which we received data would need to spend more than half of their annual income to afford center-based care for two children. Furthermore, in nine states plus the District of Columbia, the average price for center-based care for two children exceeds 100% of the median income for child care professionals.

## BEYOND WAGES: WHAT IT REALLY COSTS TO OPERATE A CHILD CARE CENTER

As [CCAoA highlighted in our 2018 video](#), developed in partnership with the Center for the Study of Child Care Employment, child care is a labor-intensive field, and much of the money that providers receive goes towards employee wages. However, there are other expenses that providers must consider, such as food, insurance, equipment, supplies and rent. Furthermore, most providers must operate at full capacity in order to meet their financial obligations and continue operating. Some efforts have been made to calculate the true price of providing child care. For instance, the Center for American Progress estimates that

the price for a center to provide child care to an infant is over \$14,000 annually.<sup>xlviii</sup> There are also tools that can be used to estimate the price of providing high-quality child care. The [Provider Price of Quality Calculator \(PCQC\)](#), developed by the U.S. Department of Health and Human Services, Office of Child Care Technical Assistance Network, is an interactive tool designed to help policymakers, advocates and child care providers understand the prices associated with high-quality early childhood education and child care. The PCQC calculates the price of care by levels of quality based on site-level provider data.



## COST MODELING IN LOUISIANA

More states and organizations are trying to determine the true cost of providing center based child care. One recent example took place in Louisiana. The following briefly describes the study and its findings, and it includes information we gathered from interviews with the lead researcher and one of the participating providers. The full policy brief can be found [here](#).

In 2018, the Louisiana Policy Institute for Children interviewed staff members and reviewed the financial records of eight child care centers

## → Teacher Child Ratios in Cost Model Centers

Child Age	LA Licensing Requirements (Type II/III)	Average for Interviewed Providers	Early/Head Start	Caring For Our Children National Recommendations
Infants	1:5	1:4	1:4	1:3
1-Year-Olds	1:7	1:5	1:4	1:4
2-Year-Olds	1:11	1:7	1:4	1:3
3-Year-Olds	1:13	1:10	1:8	1:7
4-Year-Olds	1:15	1:11	1:10	1:8

Source: Louisiana Policy Institute

across the state rated Proficient or higher on the state's Quality Rating Improvement System (QRIS) in order to better understand the actual prices required to provide quality child care. The Louisiana Policy Institute for Children wanted to focus on higher-quality providers in order to demonstrate the greater costs associated with high quality and to compare these costs to the CCDF provider reimbursement rates. Higher-quality centers tend to have higher labor costs. For example, a classroom of 20 toddlers only needs two teachers, according to Louisiana

state law. However, a higher-quality center may staff this classroom with four teachers in order to give each child more time and attention. So while the enrollment is full, labor costs are higher for this higher-quality center due to the extra teaching staff.

Overall, the average child care provider salary was just over \$25,000 per year, which is half of the median income for K-12 teachers in Louisiana. Although most of the providers wanted to increase child care provider salaries,



## → Cost Model Annual Per Child Costs

Sample Center with Increased Teacher Salaries			
	100% Enrolled	80% Enrolled	Revised CCAP Reimbursement
Infants	\$12,010.19	\$13,565.14	\$6,336
1-Year-Olds	\$10,662.56	\$12,010.19	\$6,072
2-Year-Olds	\$9,122.42	\$10,172.52	\$6,072
3-Year-Olds	\$7,967.31	\$8,641.13	\$5,808
4-Year-Olds	\$8,399.61	\$9,203.83	\$5,808

they could not afford it. One provider that we interviewed stated that she would like to offer health insurance, as many of the teachers at her center are single mothers. However, this would be too great of an expense for her center.

The results of increasing teacher salaries by \$3 per hour and — assistant teacher salaries by \$2 per hour — would put an even bigger distance between the the Louisiana Child Care Assistance Program (CCAP) reimbursement rate and the amount needed to continue operations.

The lead researcher and the provider we interviewed about this project both discussed the difficulty in expanding the physical spaces of centers. While the providers involved in this study expressed a desire to improve the playground, replace equipment and increase the space at their centers, they indicated they could not afford these types of expansions. After Hurricane Katrina, the United Way offered grants that one center owner used to rebuild. However, this kind of funding is rare. Providers who participated in the study reported going into debt in order to purchase needed equipment and to make other capital improvements. They are still trying to pay off this debt, which makes further improvements impossible at this point.

The results of this cost modeling project, along with other evidence, were presented to the Louisiana State Legislature. This evidence played a role in the legislature increasing the CCAP reimbursement rate for providers by 3%

to 8%, depending on the child age group. While this increase still does not meet the needs of higher-quality center-based providers, it is a step in the right direction.



If other states or localities are considering cost modeling in their areas, they should keep the following in mind:

- Think about the type(s) of providers to study. Will you focus on all center-based providers? All licensed providers? All providers who operate at a minimum-quality level? This will help you focus on how to recruit child care providers.
- Consider the expertise of the researcher(s). It's important to have someone who has experience with budgeting and financial



management, who will know the right questions to ask and which financial documents to request.

- Relationships are key. For this project, the state government was not involved. However, it was very supportive of the project. It's also important to have trust between the organization conducting the study and the child care providers it will be studying. Cost modeling projects require providers to reveal sensitive information, and they need to trust that it will not be used inappropriately. Respecting respondent confidentiality during the process is paramount.
- Expand the sample size. While the researcher who conducted the Louisiana Cost Modeling Study was satisfied with the project as a whole, she did wish for a sample size larger than eight centers. If possible, states should recruit as many child care providers as possible for this type of study in order to get the most accurate data possible. Geographic diversity should also be considered in order to avoid the entire sample being drawn from one area of the state/region.
- Consult with your local CCR&R agency or network.
- For more information on this study, please contact the Louisiana Policy Institute for Children at [info@policyinstitute.la.org](mailto:info@policyinstitute.la.org).

## SPOTLIGHT ON: FAMILY CHILD CARE PROVIDERS

Each day, millions of young children receive care from family child care (FCC) providers, also known as home-based providers. Families in low-income neighborhoods and rural areas are more likely to use this type of provider, as they are more accessible and affordable. This is especially true for parents who work during nonstandard hours. Many parents also like the personalized attention that their children receive from FCC providers.

Starting a home-based child care program can be an opportunity to own a business. However, the start-up and ongoing prices associated with running an FCC can be high. Table X provides a list of common ongoing budget items that FCC providers must consider, along with their cost estimates. While these prices may not be as high as the prices to operate a center, FCC providers do not accept as many children and therefore do not bring in as much income.

### ➔ Average Ongoing Prices for FCC Providers

Item	Annual Cost Center for American Progress Model
Rent and Utilities	\$2,880
Materials and Food	\$7,200
Office and Administration	\$11,160
Benefits	\$3,240
Salaries	\$33,120
<b>Total</b>	<b>\$57,600</b>

Source: Center for American Progress, 2018, Family Child Care Sample Budget



Although FCC providers work hard to help the children in their care learn and grow, they often feel disrespected and misunderstood. In focus groups and interviews with providers, many have reported that they are not taken seriously as child care professionals.<sup>xlix</sup> Those outside of the child care field may have the misconception that home-based child care is easy work or babysitting, when, in reality, FCC providers fill a variety of roles, including:

- Caregiver – meeting each child’s basic needs (e.g. feeding, hygiene, basic child safety)
- Nutritionist/Health & Wellness – providing children with healthy foods and ensuring that they stay physically active
- Teacher – planning and executing developmentally appropriate early childhood curricula, including lessons and activities to help them prepare to attend school
- Family Engagement Specialist – referring parents to other community and social services, helping parents understand their child’s developmental progress and partnering with parents on addressing their concerns
- Business owner – undertaking tasks such as bookkeeping, budgeting and administration

Like center-based providers, FCC providers report that they have financial concerns stemming from inconsistent child attendance. There is constant pressure to maintain full enrollment in order to stay in business.<sup>l</sup> Even so, the average wages of FCC providers are low. One study from 2013 estimated an hourly wage of \$7.53.<sup>li</sup> More recent data puts the average wage at around \$10 per hour<sup>lii</sup>, which is still well below a living wage for most states. In terms of hours worked, findings from the 2012 National Study of Early Care and Education indicate that listed, home-based providers worked an average of nearly 54 hours per week<sup>liii</sup>, and, additionally, most FCC providers spent time each week completing administrative tasks for which they were not compensated, such as

disinfecting equipment and lesson planning. A study of the licensed child care facilities in the state of Illinois found that FCC providers were paid to care for children an average of 50 hours per week but spent an average of 16 additional hours per week completing administrative tasks for which they were not paid.<sup>liv</sup> While most FCC providers are dedicated to providing quality child care, the long hours and low wages can be discouraging.



Over the past decade, there has been a sharp decrease in the number of family child care providers across the country. This loss is concerning because families who live in rural areas typically rely on family child care providers; in more than 20 states, the majority of licensed child care providers are in family homes rather than in centers. When comparing CCAoA’s 2018 annual survey results to data from 2017, we found that 83% of states reported a decrease in the number of providers. While more research is needed to determine why providers are leaving the field, low pay and high stress are thought to be contributing factors. For example, researchers found that FCC providers with higher scores on a perceived stress scale were more likely to consider leaving the field.<sup>lv</sup> A recent study of former FCC providers in Maine found that reaching retirement age and changing professions were the most common reasons for those providers closing their

child care businesses.<sup>vi</sup> FCC providers form the backbone of the child care system in this country. If we do not examine why they are leaving, find ways to support them, and recruit new providers to replace those who retire, there will be a significant decrease in available FCC slots.

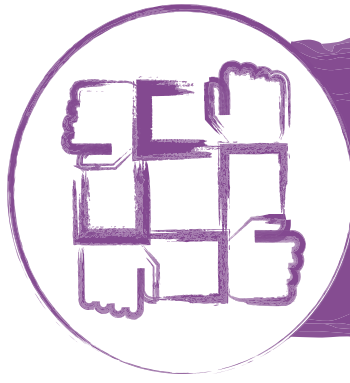
## SOLUTIONS CCR&Rs

CCR&Rs work to increase programs' access to financial resources and higher compensation. They often administer scholarships and grants, administer financial and material incentives for Quality Rating and Improvement Systems (QRIS) and connect child care programs to resources and trainings to improve their business practices. Often those who enter the child care workforce are driven by their passion to support the development of children. Few

enter into the child care profession with formal experience and training in business practices and financing. CCR&Rs offer resources and guidance to address these challenges.

CCR&Rs across the country provide support to FCC providers through professional development and encouragement. This helps FCC providers feel less isolated and more respected as professionals. Additionally, 40% of local CCR&Rs facilitate family child care support networks, which offer resources and supports specifically tailored to the needs of FCC providers. Often family child care networks include access to coaching and consultation, professional development, peer-to-peer interactions, business services and training and other operational supports. With additional resources, CCR&Rs could have an even greater impact recruiting and retaining FCC businesses.





# COMMUNITIES

## HOW CHILD CARE BENEFITS COMMUNITIES TODAY AND TOMORROW

From birth to age five, young children learn and develop at an astonishing rate. Children are primed from birth to learn from their interactions with their caregivers and their environment. When they miss out on those quality learning experiences, they begin life already behind their peers in language acquisition, and in cognitive, social and emotional capacities.<sup>lxiv</sup> Positive adult relationships and positive learning environments can boost a child's success in later learning and in life. Attributes most desirable to employers, such as confidence, determination and a love of learning, begin in early childhood. It is especially important during this time that young children be surrounded by adults who understand their growing brains and can offer appropriate support that encourages brain development. While parents and other caregivers are the first and most important teachers in a child's life, quality early childhood educators play an important role in helping young children develop these skills through their earliest interactions.

In high-quality child care settings, young children prepare for school success — both academically and emotionally. Young children in high-poverty areas are less likely to be ready for school than their peers. Studies have shown that as neighborhood poverty increases, school readiness and school achievement decline.<sup>lxv</sup> Research suggests that, although early education benefits all children, the greatest benefits accrue to children from low-income

families. Economists have estimated the rate of return for high-quality early education to be between six and 10% per year for children in disadvantaged families.<sup>lxvi</sup> Long-term returns on investment can be as high as 16%. Investments to raise the quality of, and increase access to, child care programs for low-income families is vital for these children.



High-quality child care programs benefit not only young children but also society as a whole. Parents can work and contribute to the economy when they have access to reliable, quality, child care providers. Low-income families benefit the most.

Quality matters. But as we saw in the Louisiana Cost Modeling Study (see the Providers chapter), quality also costs a significant amount of money. Even parents who receive child care subsidies and find a quality provider face the burden of making up the difference between the amount that the subsidy will cover and how much the provider charges for tuition.

More and more research indicates that children who attend high-quality child care programs have positive long-term outcomes in later childhood and beyond. Some of these long-term benefits include high school completion, higher income, better physical health and stronger families.<sup>lxvii</sup> These outcomes are also good for the country as a whole, leading to reduced crime rates, a stronger economy, lower public expenditures for financial assistance programs and healthier communities. Price-benefit analyses of high-quality programs such as the Perry Preschool Project, the Chicago Child-Parent Centers Program, and the Carolina Abecedarian Project show returns of between \$4 and \$16 for every dollar spent.<sup>lxviii</sup> Law enforcement leaders have supported an increase in access to high-quality early care and education, stating that these

programs help children stay in school, achieve better educational outcomes and lower the likelihood they will be involved in the criminal justice system.<sup>lxix</sup>

Research has shown that high-quality child care is associated with physical benefits as well. For example, children who were involved in the Abecedarian Preschool Project had less obesity and higher levels of good cholesterol as adults when compared to a control group.<sup>lxx</sup> In addition, women who were involved in the program as children were more likely to engage in physical activities and eat nutritious foods as adults.

High-quality child care may also have positive effects for future generations. New research has found that the children of Perry Preschool participants were likely to have better outcomes. Table X shows that the children of Perry preschoolers were significantly more likely to be employed and less likely to have a history of incarceration, suspensions or addiction. These children were also more likely to have stable marriages, giving their own children the chance to live in two-parent households.<sup>lxxi</sup>



## COMPONENTS OF HIGH-QUALITY CHILD CARE

Quality care provides the emotional and academic support children need to be school-ready by the time they enter kindergarten — put simply, quality child care is effective early childhood education. Quality child care should be culturally and linguistically responsive and should be provided by engaged and caring child care providers. Quality child care incorporates physical activity time and developmental screening practices and follows food safety guidelines. Additional components include a safe and stimulating physical environment, along with positive relationships between the provider and the family.



## → Children of Perry Preschool Participants Compared to Children of Non-Participants

	Children of Perry Preschool participants	Children of non-participants
Completed high school without suspension	67%	40%
Never addicted to substances or arrested	60%	40%
Employed full time or self employed	59%	42%

### SOLUTIONS CCR&Rs

Many CCR&Rs are actively involved in improving the quality of child care programs across their state. Here we list the quality improvement activities CCR&Rs are most commonly engaged in, and the percentage of CCR&Rs involved in each:

#### CCR&R ACTIVITIES TO IMPROVE QUALITY<sup>lxxii</sup>

- 91% Deliver technical assistance in person
- 82% Help child care providers understand state licensing requirements
- 78% Offer ongoing support to help child care providers maintain their licensing status
- 74% Respond to licensors' requests to help providers with violations or corrective actions
- 72% Offer mentoring to help child care providers increase quality, including programs participating in QRIS



### LET'S GROW KIDS

Established in 2000 as the Permanent Fund for Vermont's Children, this initiative for quality early childhood education for all Vermont's children has provided mentorship to early educators. This led to 75% of all family child care programs participating in the state's quality recognition program, established universal Pre-K for all three- and four-year-olds in the state, worked to engage businesses as advocates for child care and recently saw a \$7.4 million investment in child care from their state government.



# GOVERNMENT

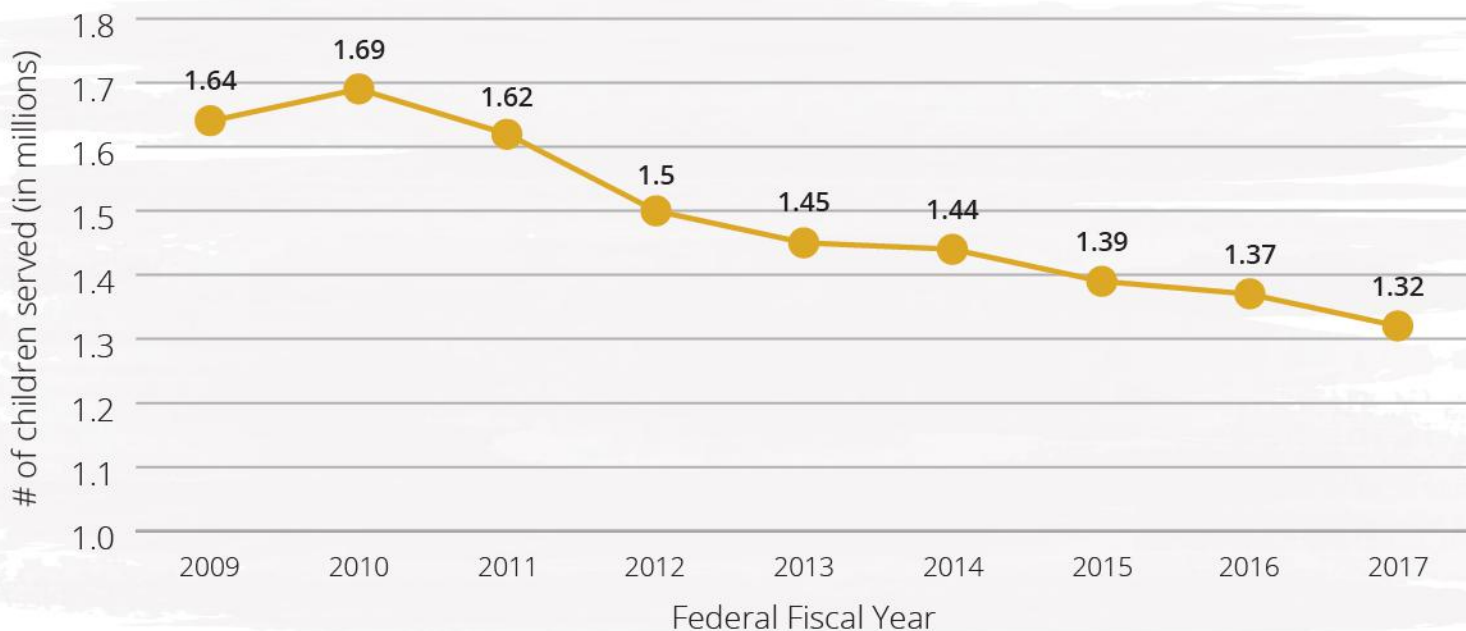
## HOW DOES THE GOVERNMENT HELP FAMILIES PAY FOR CHILD CARE?

Most child care subsidies originate from the Child Care and Development Fund (CCDF), which was created when the Child Care and Development Block Grant was enacted in 1990. Through this fund, the federal government allocates money to state agencies, who administer the subsidies at the state level. Over the past 20 years, millions of families have benefitted from this critical assistance program. However, Figure 3 shows that the number of children who receive child care subsidies has decreased steadily over the past decade.

While the need for child care subsidies is great, only a portion of families receive them. A recent report from the US Department of Health and Human Services estimates that in FY 2015, only two million of the 13.6 million children who met federal eligibility requirements for child care subsidies actually received those subsidies — 1 in 7.<sup>lxxiii</sup> And while eligibility as a percentage of federal poverty level varies among states, most states do not have enough funding to provide subsidies to everyone who qualifies.

A recent study assessed the impact of guaranteeing that all families under 150% of the federal poverty level could receive child care subsidies. The authors estimate that this policy could potentially increase the number of

➔ Figure 3: Average Monthly Number of Children Served by CCDF Subsidies



Source: US Department of Health and Human Services, Office of Child Care. Child Care and Development Fund Statistics, FY2009-FY2017. Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-statistics>

families served by over 800,000 and result in 270,000 parents (mostly single mothers) joining the workforce.<sup>lxxiv</sup>

## REIMBURSING PROVIDERS

States have different ways of paying child care providers who accept subsidies. However, most states require providers to show documentation of the child's attendance, and then they receive a payment within a few weeks. States are required to conduct market rate surveys or other cost modeling methods every few years in order to determine the price of child care for different age groups and provider types. These data are used by state administrators to set their provider reimbursement rates. The final CCDF rule recommends that states reimburse providers at the 75th percentile, meaning "...the price at or below which 75% of child care providers reported charging for services."<sup>lxxv</sup> This ensures that families have equal access to a large number of child care providers in their communities. However, only California sets its provider reimbursement rates at the 75th percentile of current market rates.<sup>lxxvi</sup> Most of the remaining states set their provider reimbursement rates well below this standard for all provider types and age groups.

In FY 2011

**only 1 in 6 children**



who were eligible for child care subsidies received them

In FY 2014

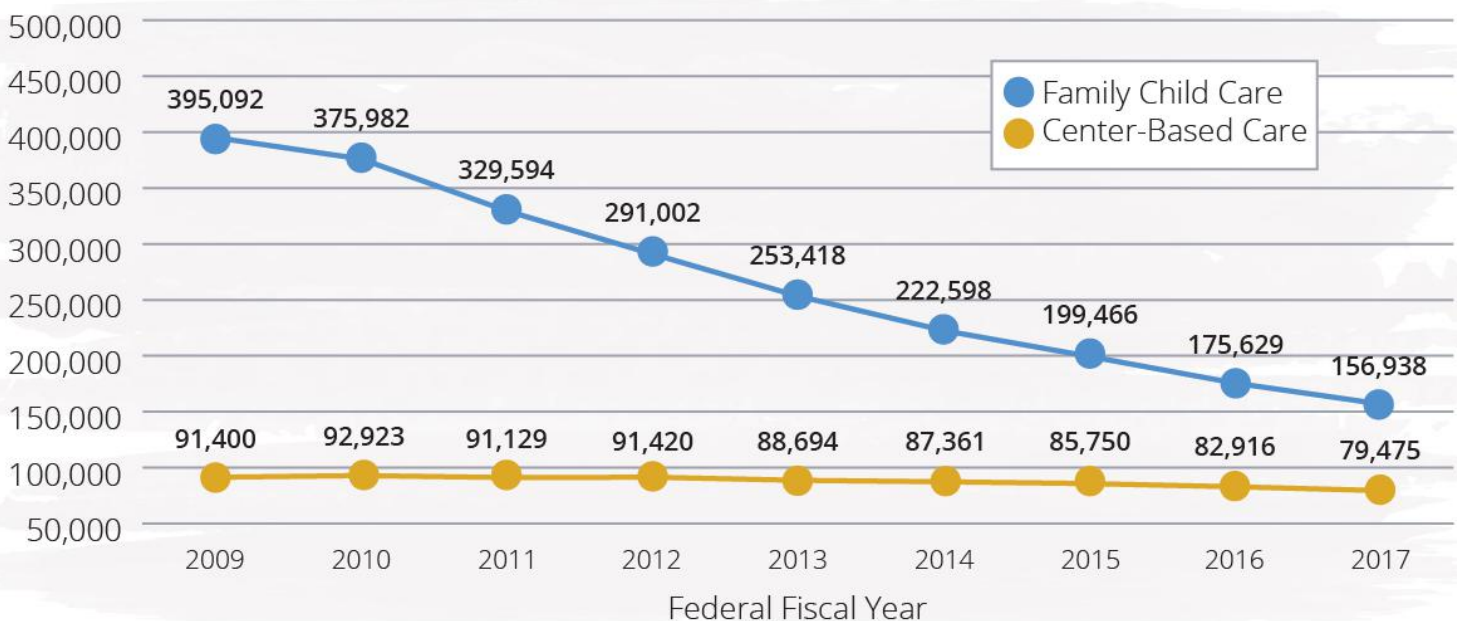
**only 1 in 7 children**



who were eligible for child care subsidies received them

many states have tiered reimbursement rates, meaning that providers who care for certain populations (e.g. infants and toddlers), or who meet a certain quality designation, receive higher payment rates. But as we saw with the Louisiana case study in the previous section, these rates are still not sufficient to cover the cost of providing child care.

➔ Figure 4: Number of CCDF Providers



Source: US Department of Health and Human Services, Office of Child Care. Child Care and Development Fund Statistics, FY2009-FY2017. Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-statistics>



Figure 4 shows a steady decline in the number of providers who accept child care subsidies, with the sharpest decline seen in the number of FCC providers. Low reimbursement rates could be a factor in this decrease. A recent study by the Office of the Inspector General for the US Department of Health and Human Services found that 59% of providers surveyed charged more for infant care than the state payment rate. This means that parents have to cover the difference between what the provider charges and the state payment rate.<sup>lxxvii</sup> This imposes a large burden on low-income families.

State governments must balance competing priorities as they attempt to ensure equitable access to child care for families with low incomes. If states increase the amount that providers who accept subsidies are paid, then they will not be able to serve as many families. If they increase the number of families who receive subsidies, then they won't be able to pay providers a fair amount. Without a substantial increase in CCDBG funding from the federal government, states will continue to grapple with these issues.

## CASE STUDY

### SEATTLE METRO AREA: WHO QUALIFIES FOR CHILD CARE SUBSIDIES?

Child care subsidies provide a valuable source of assistance for parents with low incomes who work or attend school. However, the need for these subsidies far outweighs the number of families served. Furthermore, families who live in areas with higher costs of living may earn too much to qualify for subsidies yet still cannot afford child care. Most states set income thresholds between 150% and 200% of the federal poverty level (FPL). However, throughout the US, there are communities where families earning over 200% of the FPL still struggle to make ends meet due to factors such as high housing costs. For years, researchers and advocacy groups have pointed out the flaws in the FPL measure – specifically that it does not



## HOW ARE STATES SPENDING CCDBG MONEY?

In 2018, the Government Accountability Office (GAO) surveyed all US states and territories in order to a) find out how they spent CCDBG money in fiscal year 2017, and b) determine how they planned to allocate their increased CCDBG funding that was made possible by the Consolidated Appropriations Act of 2018 — which increased CCDBG funding by \$4.8 billion. Some of the GAO's major findings include<sup>lxxx</sup>:

- 34 states plan to spend the additional funding on licensing, monitoring and background check initiatives
- 30 states plan to allocate more money for consumer education strategies
- 30 states plan to spend more money on professional development for the child care workforce
- For the 2017 federal fiscal year, 40 states used all or most of their CCDBG funding for child care resource and referral (CCR&R) systems

All of the respondents agreed that funding consumer education initiatives, licensing, background checks and professional development had some positive effects for all children (whether they receive child care subsidies or not).<sup>lxxxi</sup> For example, many states have extended certain licensing, training and background check requirements to all licensed providers, not just those who accept child care subsidies. These kind of initiatives can increase the quality and safety of child care for a larger number of children, thus expanding the societal benefits of investment in CCDBG.

adequately measure poverty.<sup>lxxviii</sup> There have been multiple attempts to design a measure of poverty that adequately takes into account differential costs of living across communities. Some examples include the Supplemental Poverty Measure, developed by the federal government, and the Self-Sufficiency Standard, developed by the Center for Women’s Welfare at the University of Washington. These measures seek to accurately calculate how much families need in order to meet all household expenses. However, most government assistance programs still rely on the FPL to measure need.

The Seattle metropolitan area in Washington State is one community facing this issue. Despite a large number of high-paying jobs in the greater Seattle area, many families inside and outside Seattle city limits still struggle with making ends meet due to the higher cost of living in these areas. These families fall outside the eligibility limits for child care subsidies, but still struggle to afford child care near them.

The state of Washington’s child care subsidy program is called Working Connections Child Care (WCCC). Families earning below 200% of FPL qualify for this program. The city of Seattle has its own child care subsidy program designed for families who earn between 200.1% and 350% of FPL. However, the communities abutting Seattle city limits are not eligible for this benefit, even though they also struggle

with high living costs associated with proximity to Seattle’s job market. We partnered with Child Care Resources, the CCR&R of King and Pierce Counties, which covers Seattle and Tacoma, Washington, to explore whether high child care prices were an issue for families living outside of Seattle city limits, and to determine whether families living in these areas would benefit from income eligibility guidelines that were more liberal than the state’s guidelines.

For the purpose of this case study, we analyzed the three counties that make up the Seattle metro area: King County, Pierce County and Snohomish County. Pierce and Snohomish counties were included because many families who work in Seattle live in these areas because housing is slightly more affordable. In our analysis, we separated the zip codes within Seattle city limits and those outside of city limits in order to compare child care prices in relation to housing costs and median income for families with children. Table 1 is a summary of median income and housing costs for both areas. These data points were obtained from the U.S. Census Bureau’s American Community Survey, 2013-2017.

Tables 2 and 3 compare child care prices for infants and preschoolers in both areas by provider type. Additionally, each table compares the annual price of child care by the median income for married couples and

➔ Table 1: Median Income by Marital Status and Housing Costs- Inside and Outside Seattle City Limits

Location	Median Income- Married couple with children	Median Income- Single female households with children	Median rent* (annual)	Median mortgage payments (annual)
Seattle	\$151,088	\$42,718	\$16,356	\$28,908
Outside of Seattle	\$110,948	\$41,552	\$15,936	\$24,456

\*While the median rent data obtained from the Census is high, it is important to remember that the data was collected for the years 2013 to 2017. Seattle is considered a hot housing market and rents have risen at a rate of 3%<sup>lxxxii</sup>, which means that housing is even more expensive that indicated in the table above.

➔ Table 2: Average Annual Price of Child Care for Infants by Provider Type: Seattle versus Outside Seattle City Limits

Location	Provider Type	Average Annual Price	% of Median Income, Married parent with Children	% of Median Income, Single parents with Children
Inside Seattle	Center	\$23,013	18.9%	61.8%
Outside Seattle	Center	\$16,604	15.9%	45.2%
Inside Seattle	FCC	\$15,757	13.9%	44.6%
Outside Seattle	FCC	\$13,299	13.2%	38.4%

for single female households with children to calculate the average percentage of income spent on child care. For married couple families with children, the percent of income spent on child care was similar for both age groups and provider types. While center-based infant child care was significantly more expensive for single female-led households inside Seattle, families led by single females still paid a large share of income for child care. Families throughout the entire Seattle metropolitan areas pay a significant portion of income towards child care.

High child care prices combined with high housing costs puts tremendous financial strain

on families both inside and outside of Seattle, especially those headed by single females. In over 90% of zip codes outside of city limits, the majority of households headed by single mothers earned less than 350% of FPL. There is clear evidence that families living outside of Seattle city limits would benefit from a subsidy program with higher income eligibility thresholds.

A note about the data: Child Care Resources, the CCR&R that serves the King and Pierce counties, provided the child care price data for all three counties. While CCR&Rs throughout the state make every effort to obtain price data

➔ Table 3: Average Annual Price of Child Care for Preschoolers by Provider Type: Seattle versus Outside Seattle City Limits

Location	Provider Type	Average Annual Price	% of Median Income, Married parent with Children	% of Median Income, Single parents with Children
Inside Seattle	Center	\$17,652	11.1%	33.1%
Outside Seattle	Center	\$12,292	10.1%	26.8%
Inside Seattle	FCC	\$12,612	7.7%	25.2%
Outside Seattle	FCC	\$10,356	9.3%	25.1%

from all providers, there are gaps in this dataset due to provider non response. Therefore, it is important to interpret these findings with caution.

We plan to continue this work in the coming months with a deeper analysis of the Seattle metropolitan dataset discussed here and reaching out to other urban areas which are interested in studying this issue further. We also plan to use these findings to recommend solutions to this issue. **If you are interested in joining this study, please contact us at [research@usa.childcareaware.org](mailto:research@usa.childcareaware.org).**

## SOLUTIONS CCR&Rs

As a connector of resources, CCR&Rs serve as a hub for families, child care professionals and business and community stakeholders to access information, resources and services to increase availability of quality, affordable child care for all. CCR&Rs' interrelated services to families, child care providers and communities offers a comprehensive implementation mechanism that can be easily leveraged by government partners at the local, state and national levels. For example, 92% of CCR&Rs participate in local or state partnerships or initiatives to identify and develop strategies to address gaps in services and systems. The extensive CCR&R system offers policy makers and administrators a national network of state and local CCR&Rs and the support of its national organization,

CCAOA. As a whole, the CCR&R infrastructure offers nearly every state in the country the necessary data, experience and services to improve access to quality, affordable child care for all families.

For nearly 30 years following the initial passage of the CCDBG law in the 1990s, CCR&Rs have continued to serve their communities, collect data and beat the drum for an even more robust national child care system that would address the evolving needs of families and incorporate common sense and evidence-based requirements for all states. The reauthorization of the Child Care and Development Block Grant of 2014 solidified the role of CCR&Rs even further by specifically calling out several ways a strong CCR&R system can be leveraged.<sup>lxxix</sup>

**100%** of CCR&Rs currently receive CCDF dollars

**"I decided on a center because I loved it: it was in a great location, very clean, great quality. They told me the price and I flew out of there. \$300 a week! Very expensive."**

- Parent Focus Group,  
Washington, D.C.



# BUSINESSES

## ACCESS TO CHILD CARE HELPS WORKING PARENTS

Access to quality child care options makes it possible for parents to work, which enables them to provide income for their family in the short term, as well as increased ongoing participation in the labor force and higher earnings in the long term. However, many parents often miss work due to child care breakdowns (e.g., a sick child, snow days, etc.). New research estimates an annual economic cost of \$57 billion in lost earnings, productivity and revenue due to the nation's child care crisis. US businesses shoulder an economic loss of \$12.7 billion each year due to child care breakdowns. The combined effect of a broken child care system and a lack of paid family leave hurts working families to the tune of \$36.9 billion each year.<sup>lxxxiii</sup>

Over a six-month period, 45% of parents are absent from work at least once due to child care breakdowns, missing an average of 4.3 days. In addition, 65% of parents' work schedules are affected by child care challenges an average of 7.5 times over a six-month period.<sup>lxxxiv</sup> Research shows that child care assistance helps working parents experience fewer missed days, schedule changes and lost overtime hours. They also are able to work more hours while remaining at the same employer for longer periods, with women of all education levels being 40% more likely to remain employed after two years following the receipt of assistance for child care costs.<sup>lxxxv</sup> Increased earnings for parents mean immediate returns for the government, with increased tax revenue as well as positive results for businesses who invest in child care for their workers:

- J.P. Morgan estimates a 115% return on investment for its child care program.
- Patagonia estimates they recover 91% of their calculable costs annual calculable costs to provide child care.<sup>lxxxvi</sup>

Research shows that when businesses offer staff child care assistance, working parents experience fewer missed days and schedule changes. When businesses recognize the importance of child care services and assistance for their employees, both parents and employers benefit:

- 54% of employers report that access to child care services reduced missed workdays by as much as 30%.
- An on-site child care program can reduce employee turnover by 60%.



## PAID FAMILY LEAVE AS SUPPORT FOR WORKERS

Parents and caregivers are their children's earliest teachers, but many families do not have access to paid leave to spend time with their children. Paid leave for new families can take the place of, even temporarily, the need for infant child care for new parents. According to the Bureau of Labor Statistics, only 16% of

civilian workers have access to paid family leave benefits. Nearly three in 10 mothers in the US return to work within two months of their baby's birth; mothers who are young and low-income, and those with lower levels of education, often return to work even earlier.<sup>lxxxvii</sup> In their analysis, CLASP also found that nearly 80% of workers earning less than \$15,000 per year, and approximately half of workers earning between \$15,000 and \$34,999 per year, do not have access to any paid leave.<sup>lxxxviii</sup>



## PROMOTING QUALITY CHILD CARE

PNC Bank's Commitment to Help More Kids Grow Up Great – The PNC Financial Services Group, Inc. founded PNC Grow Up Great and PNC Crezca con Éxito to help prepare children — particularly underserved children — from birth to age five for success in school and life. Since the program's inception 15 years ago, PNC Grow Up Great has distributed over \$160 million in grants, served five million children and committed 850,000 employee volunteer hours to serving early childhood education across the country.

PNC Grow Up Great supports families, educators and community partners to provide innovative opportunities that enhance learning and development in a child's early years. The bilingual initiative has raised public awareness by partnering with Sesame Street and other entities to produce media in English and Spanish to communicate the importance of school readiness. PNC has leveraged its voice as an influential member of the business community to bring attention to early learning and development and the need to increase access to high-quality programs.



Nearly 50% of Minnesota's children begin school without being fully prepared to succeed. Research shows that children who start behind often never catch up. MinneMinds is a coalition of more than 100 statewide organizations with a shared commitment to prioritizing MN's youngest in-need children, investment-wise. Supporters include businesses and philanthropies. They advocate the funding of programs to increase access to high-quality early learning across the state, as well as promote funding to State Early Learning Scholarships for in-need children.

The Georgia Early Education Alliance for Ready Students (GEEARS) develops reports and tools that make data meaningful to early childhood advocates concerned with the school readiness of Georgia's youngest children. Their ATL ACCESS Map models supply and demand gaps in Metro Atlanta to better help funders and other stakeholders understand the landscape of early learning resources available throughout the city. In addition, GEEARS has developed several toolkit resources for businesses to understand tax credits, quality ECE and family-friendly policies so employers can learn more about how to support quality learning opportunities for their employees' children and their communities.

## HOW BUSINESSES ARE INVESTING IN CHILD CARE

Employers are increasingly recognizing the need for policies that allow parents to find and afford quality care for their children. Working Mother ranks companies based in part on supportive benefits for parents. While it lists companies that provide on-site child care, the magazine also highlights companies that offer a variety of family-friendly services including child care resource and referral; paid family leave policies and flexible work schedules like telecommuting, flextime and a compressed work day. On average, the top 100 companies for working mothers offer 10 paid weeks of time off for new mothers and four paid weeks for new fathers. Also, 91 of the top 100 companies offer back-up child care, 68 offer sick-child care and 36 offer on-site child care.<sup>lxxxix</sup>



### SOLUTIONS CCR&Rs

In addition to helping parents locate child care so that they can work, CCR&Rs use data to inform businesses about the state of child care in areas where they want to expand or support their business initiatives. CCR&Rs also recruit stakeholders from a variety of businesses and other key members of the community, creating public-private partnerships that can support families and providers, with lasting benefits at the local, state and national levels. Here are two ways in which CCR&Rs are working with businesses to promote child care providers as businesses:

[Child Care Resources of Monmouth County](#), a local CCR&R in New Jersey, partnered with Small Business Development Corporation (SBDC) to start a business training program for family child care and child care centers in underserved communities in the local agency Service Delivery Area. The curriculum includes standard small business training components, while also reflecting the unique needs of family child care providers. Programs receive an entrepreneur's certificate and family child care providers receive paid professional liability insurance (a value of \$500).

Child Care Resources of Monmouth County has collaborated with United Way and Financial Success Center to train CCR&R staff to better support families with low incomes, and it has developed a "Bring Your Baby to Work Program" for CCR&R staff with the hopes of modeling their successes for other area businesses.

The project was conceived after [Child Care Aware of New Jersey](#) (CCAoNJ), the voluntary State CCR&R Network, conducted a statewide training needs assessment that showed a need for business support. After the assessment, CCAoNJ conducted a family child care provider focus group to better understand the business challenges faced by FCC programs.

Statewide, CCR&Rs were trained by the National Center on Early Childhood Quality Assurance on their Training of Trainers Strengthening Business Practices for Child Care Programs. There are two versions of this series, one for center-based programs, and the other for the unique needs of Family Child Care. The series contains four modules of business practices. The trainings will be delivered at the CCR&R office, to ensure providers are able to access a variety of additional supports. CCAoNJ is currently developing an employer toolkit for businesses to address employees' child care needs.

YWCA of Northwest Ohio, a local CCR&R, hosts annual Child Care Business Success Summits, designed to improve business practices for child care programs. Participants include child care

owners, administrators and staff. Speakers include business-related subject matter experts and representatives from the business community. The event has been offered annually for the past three years and has seen a steady increase in participation every year. The need for the summit came about as the YWCA was evaluating ways to support providers in the Ohio Quality Rating and Improvement System (QRIS). Data showed that programs which struggled the most were those with weak

business practices. Funding for the summit is made available through the State CCDF contract, private sources and registration fees. The YWCA also conducts a 22 hour community of learners training opportunity called the Business Success Institute. This allows them to lead participants through a business practice needs assessments for child care programs, and subsequently supplies them with resources to assist participants in creating a personalized resource toolkit. The resources are selected

## ➔ Businesses Supporting Child Care

### On-site child care

Whirlpool Corporation (Benton Charter Township, Michigan). After conducting a survey to better understand their employees' needs, Whirlpool found there was a significant need among their employees for on-site child care. This Fall, Whirlpool will partner with KinderCare to provide child care to employees at their Benton Charter township campus. Dubbed the Eddy, the facility boasts 15 classrooms and will accommodate children from six weeks old to six years old.

### On-site child care

Clif Bar & Company created a 6,700-square-foot child-care space designed to accommodate up to 64 children. Their NAEYC-accredited center shares a wall with the office area, allowing parents to visit their child at any time. Child care is subsidized by Clif Bar, and scholarships are available for eligible families.

### Back-up child care

Beginning in Fall 2019, Target will become the latest major corporation to provide subsidized back-up care for all employees. All staff will have access to up to 20 days of back-up center-based or family child care.

### Back-up child care

Starbucks recently launched their Care@Work program, an online service connecting families and caregivers. Starbucks also provides all employees up to 10 subsidized back-up care days for children or adults.

### Reimbursing Costs

Bank of America reimburses staff who are eligible for their Child Care Plus program up to \$240/month per child, based on the age of the child and the type of child care utilized. In addition, Bank of America employees receive up to 25 days a year for back-up child care and 25 days for adult care when their primary caregiver is temporarily unavailable during work hours.

### Community Initiatives

Small business and coffee roaster, Red Rooster Coffee in Floyd, Virginia recently opened an accredited child care center called Yellow Hen Child Care. Although open to the community, the program is geared toward Red Rooster staff, for whom child care is 80% subsidized by their employer. Although owners project they could break even on their investment within two years, they note the importance for working moms to have access to quality child care. The program is approved for up to 12 children at the 1,300-square-foot facility and is led by a Montessori-certified director and lead teacher.



from comprehensive toolkits put together by the YWCA in order to align with each of the items on the needs assessments. The toolkits include a variety of resources for effective business practices, saving providers valuable time otherwise spent searching for or creating materials on their own.

In addition to their annual summit and institute, the YWCA holds meetings with Human Resource professionals in their community.

These meetings frequently lead to CCR&Rs being invited to attend resource fairs for employees and/or CCR&R presentations during the employees' lunch break. Participating in these opportunities allows the YWCA to share their valuable resources with more members of the community, while also supporting the local workforce.



# METHODOLOGY AND NATIONAL PRICE ESTIMATES

## METHODOLOGY

Each year, CCAoA conducts a survey of State CCR&R Networks and local CCR&Rs that informs our State Fact Sheets and the data in this report. As part of the survey, respondents are asked to provide statewide data on the prices of child care, which are used in this report.

This year, the annual survey was sent to states in January 2019. States were asked to provide 2018 price data for infants, toddlers, four-

year-olds and school-age children in legally operating child care centers and FCC homes. Legally operating programs include licensed programs and child care programs that are legally exempt from licensing. CCR&Rs reported this data based on their own databases or state Market Rate Surveys. For school-age programs, we went a step further and reported separate prices for before-/after-school care (nine months a year), full-time summer care (three months) and part-time summer care (also three months). This report does not include data on child care provided by a relative or nanny or informal child care provided by a neighbor or friend. The Appendices include notes on information specific to the data submitted by states. For example, 11 states did not report price information this year (Alabama, Rhode Island, Montana, South Carolina, New Jersey, Texas, Mississippi, Pennsylvania, Wyoming and Maine). For these states, price information was collected via their most recent Market Rate Surveys.

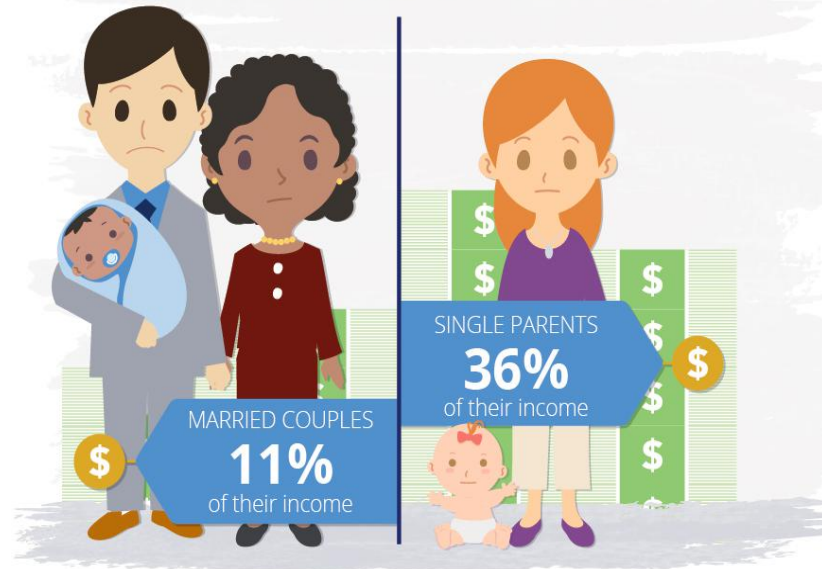
Our Appendices feature comprehensive rankings of state child care prices by age group and provider type. Furthermore, the Appendices contain comparisons between the price of child care and other expenses such as annual housing prices and the price of college tuition. In most of the tables, CCAoA ranks states by affordability percentage using state median income information found in Table B19126 of



the 2013–2017 American Community Survey five-year estimates from the US Census Bureau. A summary of how affordability percentages are calculated can be found below.

Household Type	Calculation
Married-couple families	Annual price of care ÷ Median income by state, married couple with children under age 18
Single parent households	Annual price of care ÷ Median income by state, single female householder with children under age 18

## CHILD CARE IS UNAFFORDABLE NATIONWIDE



discuss each methodology in more detail below. We have not included school-age prices at this time because of the enormous variability in this dataset across the country.

## THE NATIONAL PRICE OF CHILD CARE: WHAT GETS LOST IN TRANSLATION

Each year, CCAoA generates state-based rankings by affordability — the amount of median household income it would take to cover the average price of child care in that state. In response to multiple requests for a national price of child care, we have attempted these calculations for the past two years. We report three approaches for child care prices for infants, toddlers and four-year-olds in center-based and family child care homes. We

It is important to understand the following caveats when considering a national average price for child care. Each year, extraordinary efforts are involved in making sure that each state is represented accurately; our team works very closely with CCR&R agency staff to ensure that data is collected as uniformly as possible. However, each state’s child care landscape is nuanced and unique; distinctive differences are lost when attempting to calculate a national average. We generally do not recommend using a national average of child care prices, and particularly not as a standard of comparison with any state’s average prices of child care.



### MARRIED COUPLES OR DUAL-INCOME HOUSEHOLDS?

Although CCAoA collects average child care price data to report each year, we rely on publicly accessible data from the US Census Bureau (USCB) in order to calculate child care affordability by state. The USCB breaks households with children into two types: single parents and married couples. Each year we receive requests to relabel our data for married couples to “dual income households” in an effort to maintain statistical integrity. However, with regard to the data that is available via USCB, we maintain the current label of “married couples” for consistency with USCB’s datasets.

Despite these reservations, we are reporting these price estimates in response to a demand for a national average. We developed three methodologies in order to take into account such factors as number of slots by age group and number of programs, which could affect the price of child care in states. An explanation of each methodology, along with calculations, are below.

### METHODOLOGY #1

“Average of Averages.” The first methodology is simply an average of averages. This method does not take into account either care type or the number of child care spaces reported by states. This method completely ignores any differences between states, even at the most fundamental level.

Method #1	Center	FCC
Infants	\$11,444	\$8,348
Toddlers	\$10,462	\$8,007
Four-year-olds	\$9,100	\$7,637
Average	\$10,336	\$7,998
Overall Average	\$9,167	

### METHODOLOGY #2

“Average of Space-Weighted Averages.” The second methodology is an average weighted by the number of licensed child care spaces reported by state for each age group. However, for our survey, not all states reported capacity by age group and program type. In those instances, ratios of each capacity by age group or by program type were applied accordingly to approximate the number of spaces by age group, and by program type. Using these calculated estimates for the number of spaces

by age group and program type, average prices were weighted and compiled to produce the overall average.

Method #2	Center	FCC
Infants	\$11,653	\$9,876
Toddlers	\$9,809	\$9,043
Four-year-olds	\$9,043	\$8,728
Average	\$10,168	\$9,058
Overall Average	\$9,613	

### METHODOLOGY #3

“Average of Program-Weighted Averages.” In the third methodology, we calculated an overall average by weighting state child care price averages by the number of programs by type (i.e., centers, family child care homes). The average price of child care, by age group, was weighted by the number of programs, by type, reported by each state. Most states reported the number of programs incorporated into their average child care prices, so this method required much less approximation for comparable weighting.

Method #3	Center	FCC
Infants	\$11,896	\$9,027
Toddlers	\$10,158	\$8,246
Four-year-olds	\$9,254	\$7,976
Average	\$10,451	\$8,331
Overall Average	\$9,391	

None of the above methods is fool-proof or ideal for determining one number that would accurately describe how unaffordable child care is for families across the country. Though the three methods produce similar numbers, none of them provides the clarity needed to understand this complex social problem. Prices of a service like child care must be understood in the context of household income, by state and by regions within states.

**“I spend \$25,000 per year. I knew it would be a lot, but that’s so much more than I thought.”**

- Parent Focus Group,  
Oakland, CA

## WHAT IS THE TAKE-AWAY?

When examining the overall average of each methodology (both provider types, infant to age four), we are left with a national average price of around \$9,100–\$9,600. Without the context explained above, this doesn’t mean much, particularly in a child care landscape that varies so dramatically from state to state. However, if you take those figures and compare them to the national median income for married couples with children under 18, you can determine it would take more than 10% of household income to cover the child care prices for one child. That is well above the HHS recommendation that child care price no more than 7% of household income. For a single parent, the picture is bleak — 36% of household income would be used to cover child care prices for one child.



# POLICY RECOMMENDATIONS

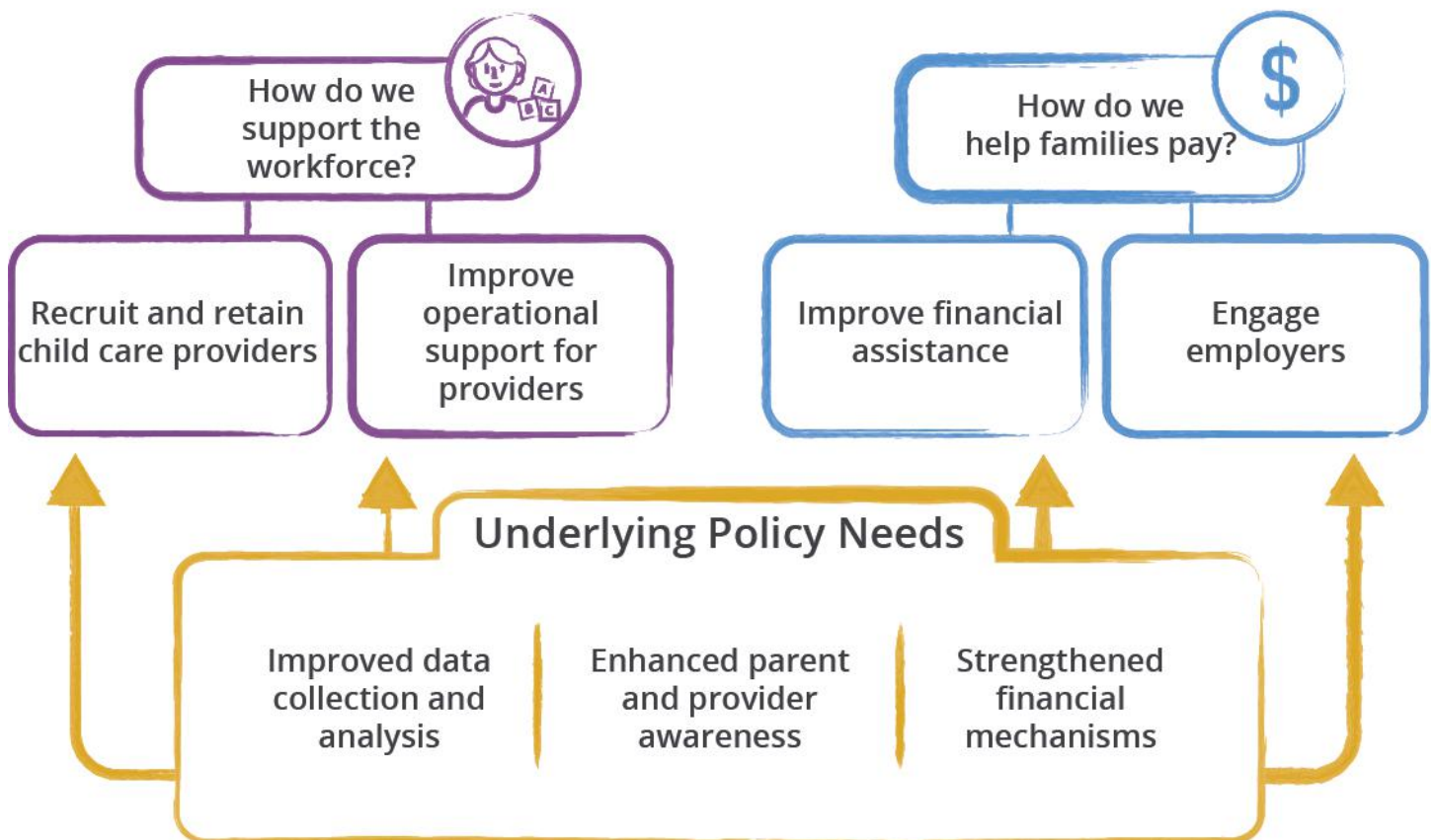
The goal of this report is not to find incremental ways to reduce the marginal cost of quality care, because children and child care are not products. In fact, increasing access to high-quality child care for all children will ultimately increase the price of care. Our recommendations center on two key questions: First, how can we best support the child care workforce in sustaining quality care? And second, how do we help families pay for it?

Amid the policy solutions we provide to answer these questions, however, we found that **these three underlying policy needs** are required for substantive progress: 1) Improved Data

Collection and Analysis; 2) Enhanced Parent and Provider Awareness; and 3) Strengthened Financial Mechanisms. These foundational changes will pave the path for all other policies and solutions to be implemented successfully.

## IMPROVED DATA COLLECTION AND ANALYSIS

The current lack of data on child care prohibits policymakers from receiving proper feedback on substantive policy change. Even key indicators, such as the number of children enrolled or the number of slots available, are not being collected by many states, making it difficult to



track progress over time. Qualitative data is also valuable; regularly surveying both families and providers is crucial to understanding gaps. Without improving data infrastructure, states are limited in achieving results.

State CCR&R Networks are uniquely positioned to conduct child care workforce studies. These studies provide valuable demographic insights about the workforce, including provider compensation, hours worked, age ranges, and educational attainment. [Child Care Aware of Kansas](#), the State CCR&R Network, conducts a study regularly to inform businesses, communities, and lawmakers about the child care workforce in Kansas. With adequate funding, this work can be expanded throughout the nation.



## ENHANCED PARENT & PROVIDER AWARENESS

The success of any policy change on child care hinges on its education outreach strategy. A large barrier for families is the lack of awareness of the child care system, including the availability of child care assistance. Outreach for providers is also important since many policy initiatives, such as tax incentives and expense reimbursement, can be quite complex. As states take on bold initiatives to expand access to high-quality care, it is important to go beyond reaching families and providers halfway; instead, meet them

where they are. CCR&Rs are the best mechanism for accomplishing this. Ensuring they are fully staffed and adequately funded is key.

## STRENGTHENED FINANCIAL MECHANISMS

Every dollar matters. This means fully utilizing and investing in the Child Care and Development Fund (CCDF). It means adding state funds to the program instead of using it for funding replacement. And it means states must spend the money — every unspent federal dollar is spent subsidizing child care elsewhere. Working around CCDF ultimately prevents families from accessing safe, high-quality child care.

Developing new, sustainable financing dedicated for child care is important as well. Some communities have done this by creating annual funding streams for child care and early education, such as Oregon's recent sales tax on large corporations that will now dedicate \$200 million per year to early childhood.

Finally, policymakers at all levels should ensure that all funding sources for child care -- be it CCDBG, TANF, or local initiatives, are tied to quality and safety standards to avoid loopholes that are harmful to children.

## RECRUIT & RETAIN CHILD CARE PROVIDERS

### SUPPORT A SYSTEM OF PROFESSIONALIZATION FOR THE EARLY CHILDHOOD WORKFORCE

As the demand for quality child care continues to grow, so do requirements for child care workers. Expanding support for child care workers to develop professionally through policies such as expanding scholarships and offering flexible credential systems will be crucial to retaining a strong child care workforce. For example, Pennsylvania used increased CCDBG funding to support apprenticeships for infant and toddler providers to achieve associate degrees, and Texas is funding child care business forums and

local workforce development boards to support professional development and certifications activities.

Federal lawmakers are paying attention as well, with the [Child Care Workforce and Facilities Act](#) providing grants to support providers financially in obtaining further education and training.



## EXPLORE WAYS TO INCREASE COMPENSATION FOR CHILD CARE PROFESSIONALS

The average wage of a child care professional is \$11.17 per hour.<sup>xc</sup> Nearly 15 percent live below the federal poverty line, and 85% do not have health insurance. Many child care professionals are part of families utilizing at least one federal assistance program.<sup>xi</sup> Without an increase in compensation, states will continue to struggle to recruit and retain a well-qualified workforce.

## EXPAND RESOURCES AND TECHNICAL ASSISTANCE FOR BUSINESS STARTUP AND MAINTENANCE

As with any business, startup costs for child care are high. Unfortunately, startup loans and supports are not widely available for new providers, which may prohibit new providers entering the field. Offering support and providing outreach and education on business startups could fix this, and CCR&Rs are a great

place to start. In New York, a local CCR&R partners with a nonprofit that offers low-cost loans, and in Congress, the [Child Care Supply Improvement Act](#) supports providers with facility grants and business planning.

## ADAPT POLICIES FOR A NEW GENERATION OF CHILD CARE PROVIDERS

Understanding trends and issues facing a new generation of parents and families could help improve policies to facilitate more providers in the field, particularly in family child care. For example, as more Millennials opt for renting over homeownership, a new set of barriers emerge regarding liability and infrastructure requirements. Policy changes can help modernize our child care infrastructure by removing zoning, HOA and insurance coverage barriers to starting home-based child care facilities.

## CREATE OR EXPAND TAX CREDITS FOR PROVIDERS

Policymakers can incentivize becoming a child care provider by creating or expanding an income tax credit for early childhood educators who work at an eligible program or family child care home. Colorado recently did this when they passed HB19: Tax Creds for Young Eds.

## IMPROVE OPERATIONAL SUPPORT FOR PROVIDERS

### RAISE REIMBURSEMENT RATES TO THE FEDERALLY RECOMMENDED LEVEL

A [recent report](#) from the Department of Health and Human Services found that child care prices in most states exceed CCDF payment rates to child care providers. This means most providers lose money when accepting children on subsidy unless they require copayments. While the federal government recommends that states reimburse providers at the 75th percentile of market child care rates, most states reimburse at far lower levels.



Raising reimbursement rates not only gives families on subsidy more options for child care, but it helps providers accepting children on subsidy with their operational costs. For example, Oklahoma raised reimbursement rates from the 39th to the 70th percentile. Now, a provider with 20 children on subsidy could earn an extra \$5,000 per month because of this increase.

## CREATE/EXPAND A SYSTEM OF TIERED REIMBURSEMENT

Tiered reimbursement systems can assist providers with exceptionally high operational costs such as infant and toddler care, which is often in limited supply. Tennessee did exactly this by not only raising reimbursement rates across-the-board, but raised them at a higher rate for infant and toddler care providers.

## PROVIDE QUALITY IMPROVEMENT SUPPORT ALONGSIDE INCENTIVES

Many states have Quality Rating and Improvement Systems (QRIS) that assess the quality of child care providers and communicates quality levels to families. As a result, providers can be incentivized to move toward a higher-quality programs, with some states tying quality to their tiered system of reimbursement.

While incentives to improve quality should be encouraged, providing support for providers struggling with quality improvement should be the main objective. Providing technical and financial assistance is a great place to start. CCR&Rs have been involved in quality initiatives for decades. According to the results of our Ignite survey, 71% of CCR&Rs offer mentoring or coaching to help child care providers achieve higher quality ratings from their state's QRIS. CCR&Rs also help improve child care quality by offering support and tools for child care providers. Overall, 95% of CCR&Rs offer technical assistance to child care providers and 91% offer trainings. Increased funding for CCR&Rs can help them expand this valuable assistance and raise the quality of child care across the country.



## EXPLORE INNOVATIVE PROGRAMS AIMED AT REDUCING COST BURDENS AND LEVERAGING ECONOMIES-OF-SCALE

As the conversation in child care shifts to how we support providers, states and communities serve as the best laboratories for finding successful models. Greenlighting innovative models and pilots that are backed by evidence could find solutions best suited for your state or community. Pennsylvania is piloting a program to contract for subsidized, high-quality slots specifically for infants and toddlers. Ohio Child Care Resource and Referral Association (OCCRA) developed Early Learning Sources Ohio, a shared services platform that provides child care professionals with early education resources and business support, such as budget help and discounts on products that providers need in order to run their businesses. These resources and tools help reduce provider costs while giving them more time to devote to children.

## IMPROVE FINANCIAL ASSISTANCE FOR FAMILIES

### EXPAND INCOME ELIGIBILITY FOR SUBSIDY

Income eligibility for child care subsidies in most states is below 200% of the federal poverty level (FPL); in some states, even below 150% of FPL.

But with the price of child care rivaling college tuition in many parts of the country, even families above 200% FPL are unable to afford child care without assistance.

Raising income eligibility limits access to child care for working families. The increase in CCDBG funding enabled some states to take big steps already: Now, a family of four in Oklahoma making \$56,000 is now eligible for child care assistance, and in Maryland eligibility limits were effectively doubled to \$71,000.

Policymakers should also consider enacting a tiered eligibility system. As we discussed in the Seattle metropolitan area case study, many states offer tiered subsidy reimbursement for child care providers. However, nearly every state has one set of income eligibility criteria for families seeking child care subsidies. A tiered eligibility system would allow more families who live in areas with higher costs of living to access child care subsidies – making the system more equitable.



## ELIMINATE WAITLISTS

Across many states, thousands of families are still on a waitlist for child care assistance. The historic increase in CCDBG funding allowed states to make great strides in reducing waitlists; Arkansas was able to serve all eligible children on its waitlist in August of 2018. More can still be done, however. When families are unable to access child care assistance, their children, their economic security and their communities are hurt.

## EXPAND TAX CREDITS FOR FAMILIES

Expand child care tax credits for families, but in an equitable manner. This could particularly help for families “in the gap” - families who make too much to qualify for child care assistance but not enough to afford the high price of child care. Federal legislation such as the [PACE Act of 2019](#) seeks to accomplish this through the Child and Dependent Care Tax Credit.

## HELP STUDENT PARENTS ACCESS CARE

Find ways to assist parents and families in accessing child care while they continue education and training courses. The federal [Child Care Access Means Parents in School \(CCAMPIS\) program](#) is designed to accomplish this.

## REDUCE REQUIREMENTS AND ADMINISTRATIVE BARRIERS TO ACCESSING FINANCIAL ASSISTANCE

Administrative barriers to enroll and re-enroll for child care subsidies can be prohibitive for the working families who need care the most. This is why Kansas recently lowered their work requirements from 28 to 20 hours per week in an effort to support 3,000 more low-income children, and Iowa now gives families a 12-month eligibility period to reapply for subsidy.

## IMPROVE THE SUBSIDY EXIT PROCESS

The child care subsidy process was designed to serve parents with low incomes. Once participant income exceeds a certain amount, they no longer qualifies for subsidies and must exit the program. This could lead to a ‘cliff effect’, where families are negatively impacted by the discontinuation of subsidies before they have achieved a sustainable amount of financial stability. For this reason, states like Kentucky and California increased their exit levels for subsidy, while states like Delaware and Idaho began implementing graduated phase-out. Policies such as these help families avoid the ‘cliff effect’, and slowly work their way towards financial stability.

## DEVELOP INNOVATE APPROACHES TO PROMOTE SUBSIDY

Nationally, less than 1 in 7 children eligible for CCDF assistance is being served. Funding strategies for promoting awareness and outreach, alongside funding to expand access, could help increase the number of eligible children served. Exploring new techniques, such as Maryland changing the term from subsidy to scholarship, may also be worthwhile.

## REDESIGN CHILD CARE FINANCIAL SUPPORT SO NO FAMILY PAYS MORE THAN 7% OF INCOME ON CHILD CARE

The Department of Health and Human Services has recommended that families who receive child care subsidies should not pay more than 7% of annual income on child care copayments. In Oklahoma, no family receiving assistance will have a copay more than 7% of their household income, and federal legislation such as [The Child Care for Working Families Act](#) seek to do this on a federal level.

## ENGAGE EMPLOYERS

### INCLUDE BUSINESSES AND CHAMBERS OF COMMERCE IN CONVERSATIONS ON SOLUTIONS

Expanding access to high-quality child care is not just important for families; it affects businesses, too. Educate business leaders on their stake in expanding access to child care, and support their involvement in finding solutions. Research shows that access to child care increases labor force participation. Washington DC, for example, found that the city's maternal labor force participation rate increased by 10 percentage points due to their preschool expansion initiatives.<sup>xcii</sup>

### DEVELOP AND SUPPORT INNOVATIVE PUBLIC-PRIVATE PARTNERSHIPS

Many states have facilitated private sector engagement in child care through the development of state or local early childhood

councils. The state of Utah has implemented Social Impact Bonds, which are made up of funds from local governments, private businesses and non-profit organizations to address social issues. Investors in these bonds can receive a payout if certain outcomes are achieved. [The United Way of Salt Lake City and J.B. Pritzker](#) partnered with Goldman Sachs to provide funding with the goal of increasing school readiness for young children in Salt Lake County. Utah's experiment with Social Impact Bonds for pre-K has been paying off. The project has significantly reduced the number of students who need special education services.<sup>xciii</sup>

### EXPAND TAX INCENTIVES TO EXPAND ACCESS TO CARE FOR EMPLOYEES

Between tax credits and deductions, large companies like Patagonia state that they are able to recoup 50 percent of the cost of onsite child care. With increased employee retention and engagement, Patagonia sees this as a bargain investment. However, many small-to-medium sized companies are not in a position to provide or pay for child care. Increasing tax incentives and streamlining these processes could enable them to do so.

Educating business owners on how child care tax deductions and credits can benefit both their business and employees will be necessary as well.

### PROMOTE WORKING PARENTS AS THEIR CHILD'S FIRST TEACHER

Access to comprehensive Family Paid Leave takes an enormous economic burden on the shoulders of working families. Research also demonstrates that supporting parent's and guardian's as their child's first teacher is good for child development. Federal legislation such as the [FAMILY Act](#) would help provide affordable family and medical paid leave of up to 12 weeks per year.

# CONCLUSION

There are multiple, interdependent elements of our current child care ecosystem. Each element can be strengthened on its own, which in turn can improve the entire system to work better for children, families, communities, providers, policymakers and businesses.

- Children are the centerpiece of the ecosystem, as high-quality child care will help them thrive in school and beyond.
- Families need child care in order to work. However, a large portion of American families struggle to afford any kind of child care, much less high-quality child care.
- Child care providers are responsible for educating our young children and keeping them safe. While most are dedicated to their jobs, they are not adequately compensated. The median income for child care providers remains low. Most centers and FCC homes operate on razor-thin profit margins or operate on a loss. These professionals are worthy of our respect, part of which should come with higher wages.
- While not everyone in a community has a need for child care, it is in everyone's best interest to provide affordable, high-quality child care for all who need it. Over the past several decades, research has shown that high-quality child care can help children grow into healthy, successful adults who will contribute to the economy.
- The federal government, along with state and local governments, administer the CCDF program, which helps low-income

families afford child care. However, much more funding is needed for these programs to serve all eligible children.

- Private businesses have a vested interest in helping their employees' access affordable, high-quality child care. Not only will this benefit the workforce, it also reduces costs to employers associated with high employee turnover and absenteeism.



With an increasing reliance on families to cover the high price of child care for their children, it is critical that this report act not only as a means for data sharing, but also as a call to action. Families using child care are the backbone on which our economy is built, so the federal government and private businesses have a role to play in developing viable solutions to ensure all families have access to affordable, high-quality child care. We call on federal, state and local policymakers to make child care a top priority when working on appropriations and budgets — for families and for the economy. We also call on private businesses to make child care a top priority as a support for their employees.

# HOW CAN YOU HELP MAKE HIGH-QUALITY CHILD CARE MORE AFFORDABLE FOR FAMILIES?

## EVERYONE CAN...

- Register to vote.
- Become part of the Child Care Works movement, and follow us on Facebook, Twitter and Instagram to stay up to date on news, actions and policies affecting child care.
- Like, follow and share articles and trending information about the impact of child care and early learning on social media.
  - Use hashtags like: #childcare, #ECE, #childcareworks, #investinchildren, #familyleave, #jointhemovement, and #takeaction.
- Find out [who represents you](#) at the local, state and national levels by entering your address.
  - Print it off, write it down, or take a picture so you remember!
- Take note of their social media handles so you can tag them in social media posts.
- Donate to support the cause! Put your financial contribution to work fighting for high-quality, accessible and affordable child care.
- Share your advocacy interests! Tell five friends why child care and early learning issues matter to you and encourage them to [take action](#) too!
  - Send them links to register to vote, the Child Care Works movement and how to find their representatives.
  - Even better, send them this tip sheet!

- Gather some regional facts and data about child care and early learning to strengthen your messages by exploring your local [child care resource and referral agency's website](#).
- Send a message to your legislator through the Child Care Works action center.
  - We make it easy! Use a message we've crafted, personalize it or create your own!
- Have you struggled to find child care during nonstandard hours? Are you a provider who provides care during nonstandard hours? Share your story in our [Family Voices Series](#).

## IF YOU'RE A POLICYMAKER, YOU CAN...

- Support legislation that we included in our Policy Recommendations
- Share this report with your constituents

## IF YOU'RE AN EMPLOYER, YOU CAN...

- Learn more about [child care resource and referral agencies](#) in your community.
  - Reach out to your CCR&R to explore possibilities to collaborate.

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## DATA ANALYSIS AND COMPILATION:

Kristina Haynie

## CONTENT DEVELOPMENT:

Kristina Haynie, Jessica Tercha, Jacob Stewart, Maggie Norton, Jasmin Springfield, Jen Bump, Kati Wilkins and Dr. Lynette Fraga

## EDITING AND CONTENT REVIEW:

Dr. Lynette Fraga, Dr. Dionne Dobbins, Ami Gadhia, Jen Bump, Douglas McAllister

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