

Child Care in State Economies

TALKING POINTS

2019 Update



United States

For FY2018 and FY2019, Congress approved large increases in child care funding allocated to states. For example, FY2018 funding for the U.S. was an increase of \$2.4 billion – providing an opportunity to both strengthen the quality of child care and to increase access for low-income families with children. The FY2018 increase was maintained in FY2019 (with a slight increase for states).

Quality Child Care Matters!

- Quality child care is essential to the safety and healthy development of children, particularly in the school readiness of low-income children. In the U.S., 20.3% of children under age 5 (about 3,932,969) live in poverty.
- Child care is not just a key work support for parents, but it is also critical for the healthy development of children to ensure they start school ready to learn.
- Child care as an industry has an economic impact on states – for example, in the U.S., industry revenue combined with spillover effects (additional spending) have a \$99.3 billion impact on state economies.

The Child Care Industry Affects the Economy

- Throughout the U.S., there are 674,332 market-based child care providers with revenue of \$47.2 billion. This includes 599,018 sole proprietors (family child care home-based providers) and 75,314 child care centers.
- In terms of jobs, 1,524,753 home-based providers and wage and salary employees in the child care sector are estimated to support about 507,089 workers in other industries for a total jobs impact of 2,031,843 throughout the U.S.
- The \$24.1 billion in employee compensation and home-based child care provider earnings supports about \$15.73 billion in additional earnings across the country for a total earnings impact of \$39.85 billion.

Child Care Usage in the United States

- About 53.9% of children birth to 5 in the U.S. are in some type of non-parental care for at least 10 hours every week.
- About 15,056,515 children under age 15 are in paid care – 6,425,592 (32.2%) under age 5 and 8,630,923 (21%) between the ages of 5 and 14.
- The average annual cost of care for an infant is \$10,759 in a child care center and \$7,887 in a family child care home. Center-based infant care is 19.4% of state median income.
- Since 2010, family child care homes have declined from 752,212 to 599,018 in 2016 – a decline of 20.4%. For working families, the decline in home-based care reduces the availability of the least expensive care option for families.

Child Care Link to the Economy

- Access to affordable child care increases labor force participation and supports state and local economic growth.
- Access to affordable child care supports parents seeking additional education and training, which contributes to higher earnings over an individual's lifetime.
- Increased subsidy payments trigger state level responses in wage rates, the mix of low- and high-skilled labor used in the state, prices of goods and services, and access to quality programs for children.

Note: Regulations for child care licensing vary by state. The economic information provided through the U.S. Census Bureau Economic Census includes employers and sole proprietors who report child care business income. This does not mean such entities are regulated by the state or are in compliance with state law. Therefore, state regulatory lists may vary from child care business data reflected in the Census Bureau data.

Sources: Committee for Economic Development of The Conference Board, *Child Care in State Economies: 2019 Update*; 2016 U.S. Census Bureau Economic Census and County Business Pattern data and non-employer statistics data; Current Population Survey for the 2015-2017 period; 2016-2017 National Survey of Children's Health (NSCH), U.S. Department of Health and Human Services; Child Care Aware of America 2017 child care rates, *the U.S. and the High Cost of Child Care* (2018); and FY2018 Child Care and Development Block Grant (CCDBG) funding, U.S. Department of Health and Human Services.

