



2017 REPORT

PARENTS AND THE HIGH COST OF CHILD CARE



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,
visit www.usa.childcareaware.org.



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#costofcare17

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FROM THE EXECUTIVE DIRECTOR

Child Care Aware® of America is pleased to present the 11th edition of our signature annual report *Parents and the High Cost of Child Care: 2017*. You will notice that this year's report is much shorter in comparison to past reports. We listened to you! Based on reader feedback, we streamlined the report and focused on the cost of child care across the country and the strategies that states and communities are using to help parents afford child care.

Many families are hurting and looking for solutions.

Despite the rising economy and promises of a great future, we are living in a country where most parents are struggling to afford one of the most significant expenses in their family budget - child care. The child care affordability story remains unchanged and in many homes across the country, child care costs exceed the cost of housing, college tuition, transportation, or food. **Across all states, the average cost of center-based infant care exceeds 27 percent of the median income for single parents, an increase of 3 percentage points from our findings in the 2016 *Parents and the High Cost of Care* report.** Although this difference is not significant, it does denote a trend to follow in coming years.

But unaffordable and inaccessible child care isn't just an issue for parents and their budget.

When quality child care is affordable and accessible, the impacts are felt by the child care workforce, employees, employers, the economy overall, and ultimately our children's future. Unaffordable child care affects the business community and has a significant impact on workforce participation and drain on U.S. employers' bottom lines. With affordable, accessible care, employers report fewer absent workers, less turnover, increased stability in the workforce, and more satisfied workers.

Let's not forget the benefits of quality child care for our nation's children!

Child care is more than a work support. When it's of quality, it helps children learn and prepare for school and life. The research shows that the potential long-term benefits of quality care are many and includes adults that are more skilled, better educated, have better employment opportunities, and more stable families. Quality, affordable care for all children should be available for all - regardless of age, race, ethnicity, socioeconomic status, or location.

We are excited to offer readers a deeper dive into the child care cost issue. For example, this year we:

- ▶ Updated our popular interactive Cost of Child Care Map with state-by-state average costs of child care;
- ▶ Calculated example national figures for the cost of child care and provided an explanation of the challenges inherent in calculating a national cost of child care figure;
- ▶ Delved deeper into the costs for families of school-age child care, including more categories for estimating for the cost of care during the summer;

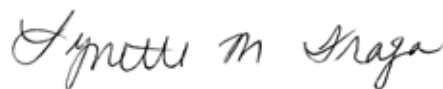
- ▶ Reported infant (0-12 months) and toddler (13-36 months) separately to get a better picture of the costs of care for the youngest children. In the past, we collapsed these two groups and reported one figure; and;
- ▶ Included county level costs for 7 states (AK, AZ, DE, HI, MA, MN, NH) in the interactive Cost of Child Care map on our web site. An additional supplement with more details will soon be available.

That's not all. We want to keep the child care cost and affordability drumbeat going. We promise to keep the high cost of child care conversation going all year. We are keeping our ear to the ground and monitoring the various proposals to help parents afford child care. We also anxiously await Financing Early Care and Education With a Highly Qualified Workforce report from the National Academy of Sciences in early 2018. This report promises an examination and promotion of a number of financing solutions geared toward supporting the provider workforce while relieving the financial child care burden families carry everyday. **Look for new materials and resources about the cost and affordability of child care throughout the year!**

Both **Congress** and the **Trump administration** have acknowledged the importance of child care for children and their working parents. We remain optimistic and hope for meaningful solutions that support working families.

Through careful planning by the government at the federal, state and local levels, we can ensure that quality, affordable child care settings are available for working parents in every community. ***The status quo is unacceptable. It is well past time 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

During the 2016 Presidential campaign and election, voters and candidates made it clear that the high costs of child care constitute a tremendous burden on working families. In a poll by The First Five Years Fund, regardless of political party affiliation, researchers found 80 percent of voters said making sure children start life with early childhood education is a top priority. President Trump promised that families would be provided with some relief from these costs. As we continue to follow the evolution of his child care plan, we are avidly following and promoting efforts made by Congress to provide relief for working families. Even as we work for motion at the federal level, we are enthused by the innovative and impactful solutions happening in states and communities around the country. Quality child care should not be a privilege for the few - all families deserve to have access to high-quality, affordable child care.

This edition of *Parents and the High Cost of Child Care: 2017* is a slimmer, more cost-focused report than in previous years. As we continue to dive into child care costs around the country and to explore the true cost of child care, we know that one report is no longer sufficient. Throughout 2017, we will dive deeper into the effects of child care costs on families of infants and toddlers, families of children

with special needs, single parents, and child care providers. In this report, we focus in on the importance of child care as a workforce support; high-quality child care yields a multi-fold return on investment in long-term outcomes for children, families, business, and our economy.

As in year's past, we provide the average cost of care for each state and the percent of median income married and single parents pay for child care. Costs and affordability percentages are reported for center-based and family child care; top 10 rankings are provided within the body of this report and all rankings, reported costs, and affordability percentages are provided in the Appendix document. Costs and affordability by child care type and household have been included in the interactive Cost of Child Care map on our web site. In addition, county-level data have been included in the interactive map for seven states: *Alaska, Arizona, Delaware, Hawaii, Massachusetts, Minnesota, and New Hampshire.*

We have provided a deeper analysis of child care costs by reporting infant costs separately from toddler child care costs for center-based and family child care programs. School-age costs are now reported for the 9-months during which many children are in school, and for the summer months when children may be in child care for part or full-day care.

As our nation's leading voice for child care, Child Care Aware® of America provides a comprehensive review of average child care costs across the country. In addition, we conclude this report with a brief review of financing solutions, policy recommendations and conclusions. As in previous years, we emphasize the importance to invest in child care, decrease the cost burden on families, streamline eligibility standards and procedures related to tax incentives, provide support to parents pursuing higher education, and to prioritize professional development for the child care workforce.



CHILD CARE IS A SOUND RETURN ON INVESTMENT

The research is well-established - early childhood programs have been shown to have a profound effect on child outcomes. Although the cost of child care is an important part of the equation, we must put an emphasis on the impact *high-quality* early education has on a child's long-term outcome. Economists have estimated the rate of return for high-quality early intervention to be in the range of 6-10 percent per annum for children in disadvantaged families, and long-term returns on investment as high as 16 percent.¹

Research showed that children who experienced high-quality child care programs were more likely to have better outcomes in socio-economic and health conditions², higher academic achievement, reduced externalizing behavior, reduced arrests, higher employment rates, and higher wages. And although early education benefits all children, the greatest benefits accrue to children from families with low incomes. Investments to raise the quality of and increase access to child care programs for families with low incomes is vital for these children, who stand to gain the most from participating in quality child care.³

There is a strong business case for ensuring access to quality child care as well. More than 60 percent of children under age 6 have two parents in the workforce.⁴ Families need safe, affordable child care options in order to work, further their education, earn additional income for their family in the short term, and become a stable member of the labor force with higher earnings in the long term.

For American business, high-quality child care is a smart investment. It supports the workforce of today (parents), while helping lay the strong foundation necessary for success in the future workforce (children).⁵

A lack of affordable, quality child care has a significant impact on workforce participation, and is a drain on U.S. employers' bottom lines:

- ▶ U.S. businesses lose approximately \$4.4 billion annually due to employee absenteeism resulting from child care breakdowns.⁶
- ▶ Over a six-month period, 45 percent of parents are absent from work at least once, missing an average of 4.3 days, due to child care breakdowns.⁷
- ▶ In addition, 65 percent of parents' work schedules are affected by child care challenges an average of 7.5 times over a six-month period.⁸
- ▶ \$28.9 billion in wages is lost annually by working families who do not have access to affordable child care and paid family and medical leave.⁹
- ▶ Working mothers make up 40 percent of the workforce.¹⁰ When child care is not available, this workforce is affected; even a 10 percent decrease in availability of early childhood education reduces employment of single mothers by 3 to 4 percent, and married women by 5 to 6 percent.¹¹

"I love being a parent. But the cost of child care for a child under the age of two is so expensive [...] More than half of my paycheck goes to child care."

- Millennial and single parent



- ▶ Millennial women, who are responsible for 80 percent of the babies born today, are a growing part of the American workforce. [Child Care Aware of America's Millennial Map](#) report found that child care is unaffordable for millennials in every state. However, millennial workers increasingly recognize the importance of work-life balance, with 83 percent reporting they would leave their job for one with more family-friendly benefits.¹²

- ▶ With child care assistance, parents are able to work more hours while remaining at the same employer for longer periods, with women of all education levels being 40 percent more likely to remain employed after two years following the receipt of assistance for child care costs.¹⁵

Not surprisingly, when businesses recognize the importance of child care services and assistance for their employees, both parents and employees benefit:

- ▶ Fifty-four percent of employers report that child care services had a positive impact on employee absenteeism, reducing missed workdays by as much as 30 percent.¹³
- ▶ A child care program can reduce employee turnover by 60 percent.¹⁴



CHILD CARE AS A RETURN ON INVESTMENT

In their 2015 report, The Committee for Economic Development reported that nationally, the child care industry's 2012 expenditures totaled \$21.2 billion in compensation and an estimated \$15.6 billion in purchases of goods and services. In addition, the industry grew over 40% from 1997 to 2012 and had revenues over \$40 billion!

As advocates and policy makers at the state level try make the case for quality early childhood education, they are turning to regional and state research for evidence. For example, Louisiana's recent groundbreaking report [Losing Ground](#) sought to understand the impact of child care issues on Louisiana's workforce, businesses and the economy. Parents of young children across the state answered a series of questions about their workforce participation and child care issues, and economists used the results to estimate the economic impact of child care instability. They found that child care issues affected a wide cross section of Louisiana workers, resulting in major economic costs to employers and a large, negative economic impact on the state. Some key findings:

- ▶ Almost half of parents, both men and women, missed work regularly due to child care issues during the 3 months prior to the survey.
- ▶ Women and single parents workforce participation was more impacted by child care issues than men and married parents.
- ▶ Employee absences and turnover costs due to child care issues cost Louisiana employers \$816 million a year.
- ▶ Child care issues result in a \$1.1 billion loss annually for Louisiana's economy.
- ▶ Louisiana loses almost \$84 million in tax revenue annually due to lost workplace productivity.

This report is a powerful tool for policy advocates in Louisiana to truly show the impact that a lack of child care can have for families and businesses in their state. For more information about this report, contact [Melanie Bronfin](#) with the Louisiana Policy Institute.



AVERAGE COST OF CARE IN THE STATES

Methodology

In February 2017, Child Care Aware® of America surveyed Child Care Resource & Referral (CCR&R) State Network offices and local CCR&Rs about 2016 cost data. We collected data on the average prices of child care for infants, toddlers, 4-year-old children, and school-age children in **legally-operating** child care centers and in Family Child Care (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 both state Market Rate Surveys as well as the databases maintained by the CCR&Rs. **This report does not describe child care provided by a relative or a nanny or informal child care provided by a neighbor or friend.**

CCR&Rs: AN INVALUABLE PARTNERSHIP

Child Care Resource & Referral Agencies (CCR&Rs) are uniquely poised to be key collaborators with Child Care Aware® of America in compiling and reporting state- and county-level average costs of child care. In addition to our annual reports, we partner with Child Care Resource & Referral agency staff on numerous projects, including Mapping the Gap™ – our look into child care supply and demand issues specific to each state's unique child care landscape. Without partnerships with the knowledgeable and passionate CCR&R staff, our reporting and our understanding of the nationwide landscape of child care would look dramatically different.

Notes are included in the appendix regarding information specific to the data submitted by states. For example, *Alabama, Mississippi, Pennsylvania and Rhode Island* did not report information this year; the price of child care in these states was adjusted from prior years' data. For these states, the cost of care was derived from the latest market rate survey available. Rates collected prior to this year and adjusted by the Consumer Price Index; i.e., reported in 2015 dollars, using the Bureau of Labor Statistics Consumer Price Index Inflation Calculator. Also, *Colorado* was unable to report data in a manner similar to other states and as a result cannot be included in cost or affordability comparisons. Finally, this year's data for New Jersey is not comparable to previous years.

This year, we asked states to report costs for infants and for toddlers separately; 10 states were not able to report costs separately for infants and toddlers at that time. In addition, we further refined our approach to school-age child care costs, and are reporting separate costs for before-/after-school care (9 months), full-time summer care (3 months), and part-time summer care (3 months).

What's New in the 2017 Report

For the first time, we asked states to report, as they were able, average weekly costs of summer programming for school-age children. This is a difficult number to report, particularly statewide when there can be dramatic swings in costs by geographical location, as well as by program type. In addition, we have split our reporting of infant costs to delineate "infant" from "toddler" costs beginning this year.

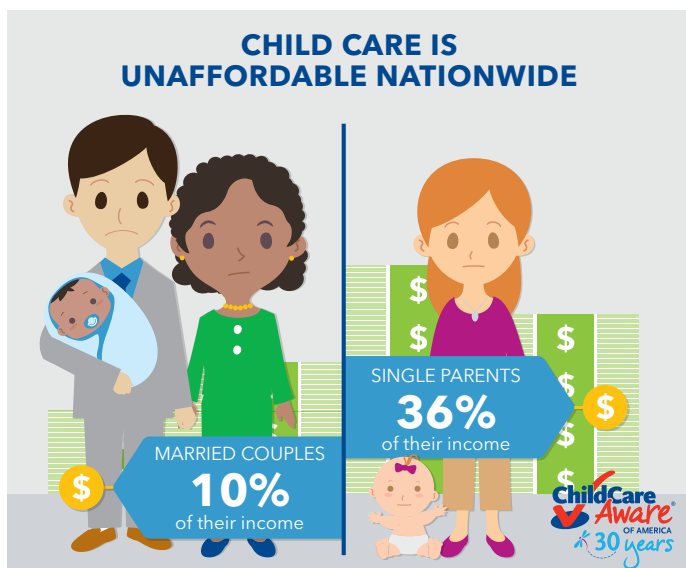
New to last year's report and analyses was the inclusion of **county-level cost data** from the following states: *Alaska, Arizona, Delaware, Hawaii, Massachusetts, Minnesota, and New Hampshire*. Rather than providing state-by-state analyses, county-level data was included in this report and was added to the Cost of Child Care interactive map.

The National Cost of Child Care: What Gets Lost in Translation

For more than 10 years, Child Care Aware® of America has reported statewide averages of child care costs across the country. Each year we generate state-based rankings by affordability, or the amount of median household income it would take to cover the average cost of child care in that state. With all of the analyses we have done to unpack the cost of child care in the U.S., there is one number we have not reported: a national average cost of child care.

Child Care Aware® of America is committed to high-quality research and data integrity standards. Each year, extraordinary efforts are involved in making ensure that each state is represented accurately; our team works very closely with CCR&R agency staff in each state to ensure that data is collected as uniformly as possible. However, each state's child care landscape is nuanced and very unique; that distinctive state influence is chiefly what is lost when attempting to calculate a national average.

We do not recommend using a national average of child care costs, and particularly not as a standard of comparison with any state's average costs of child care. However, in recognition of the strong demand for a national average,



and to introduce a measure of statistical rigor, we are providing the following discussion of methodologies and analyses as well as their shortcomings.

Three approaches are reported for child care costs for infants, toddlers, and 4-year-olds in center-based and family child care homes. We have not included school-age costs at this time because of the enormous variability in this data set across the country.

Methodology #1. "Average of Averages"

The first methodology is, very simply, an average of averages. Neither care type nor the number of child care spaces reported by states are taken into account in this method. This method completely ignores any differences between states, even at the most fundamental level.

Method #1	Center	Home
Infants	\$10,926	\$7,961
Toddlers	\$9,562	\$7,398
4-year-olds	\$8,604	\$7,188
Average	\$9,697	\$7,516
Overall Average	\$8,606	

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 the licensed capacity by age group and by 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 costs were weighted and compiled to produce the overall average.

Method #2	Center	Home
Infants	\$10,764	\$8,790
Toddlers	\$8,517	\$7,222
4-year-olds	\$8,488	\$8,020
Average	\$9,256	\$8,011
Overall Average	\$8,634	

Methodology #3. "Average of Program-Weighted Averages"

In the third methodology, we calculated an overall average by weighting state child care cost averages by the number of programs by type (i.e., centers, family child care homes). The average cost 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 costs, so this method required much less approximation for comparable weighting.

Method #2	Center	Home
Infants	\$11,053	\$8,699
Toddlers	\$8,909	\$7,447
4-year-olds	\$8,670	\$7,852
Average	\$9,544	\$7,999
Overall Average	\$8,772	

None of the above methods is fool-proof, nor are any of them ideal for determining one number that would appropriately and accurately describes how unaffordable child care is for families across the country. Though the three methods produce similar numbers (variations ranged from \$220 to \$1,000 per "cell"), none of them provides the clarity needed to understand this complex social problem. Costs of a service like child care must be understood in the context of household income, by state and by regions within states.

WHAT IS THE TAKE-AWAY?

By these methods, we are left with a national average of around \$8,600-\$8,700 – however, this still doesn't mean much, particularly in a child care landscape which varies so dramatically from state to state. When comparing this number to the national median income for married couples with children under 18, we can determine that it would take more than 10.2 percent of household income to cover the child care costs for one child, an amount well above the HHS recommendation for affordability. **For a single parent, the picture is bleak – 35.6 percent of household income would be used to cover child care costs for one child.** No matter how you look at the statistics, child care is unaffordable for families across the country.

Affordability: Child Care Costs and Family Income

Understanding the impact of child care on family budget is difficult. Budgets are nuanced and depend greatly on each household's income, situation, and family priorities. Each year, Child Care Aware® of America examines the toll that the average cost of child care takes on the median household income. To determine the affordability of child care costs by state, we compared the average cost of center-based child care to household median income in each state. Affordability was calculated by dividing the average cost of care in that state by the state's median income.¹⁶

The least-affordable state had the highest child care cost compared to family income. **This statement does not mean that the least-affordable state had the most expensive child care,** only that the cost of care as a percentage of income was highest when compared to all other states.

A WORD ON THE COST OF CARE

Each year, Child Care Aware® of America reports the average cost of child care in each state. But what are we reporting, exactly?

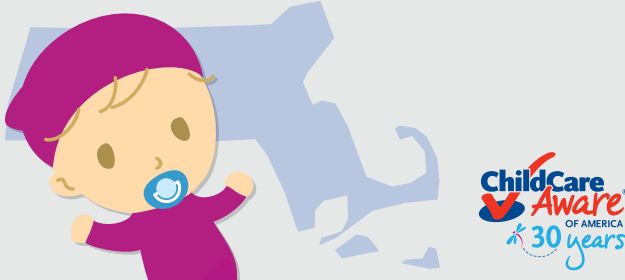
Some states report the average amount that providers charge families while others report data from their annual state market rate survey. Therefore, we are reporting states' best estimate of the amount that parents are charged, on average, across the state for child care.

What parents actually pay out of pocket depends on a number of factors. Some families and providers may be eligible for subsidies or child care vouchers, depending on eligibility standards in their state. Providing support for families and child care providers requires us to better understand the relationship between what parents are charged for child care and what the cost is to provide quality child care.

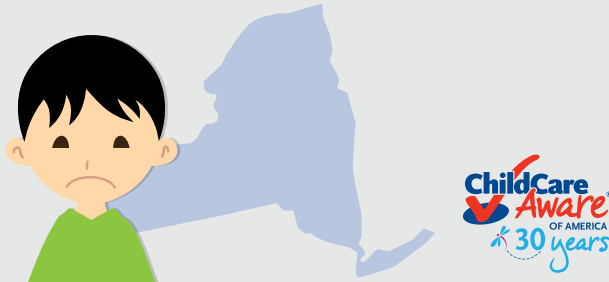
For example, the dollar cost of family child care for infants was actually highest in *Massachusetts*, more than \$12,000 per year, compared to more than \$8,500 per year in *Nevada*; however, as a percentage of median income for married couples with children, child care was least affordable in *Nevada*, because median income in *Massachusetts* is also higher.

The distribution of types of child care within each state creates a unique landscape that directly shapes the affordability rankings in this report. *Minnesota*, for example, ranks among the ten least-affordable states, when center-based infant care is the cost considered, and the household is a married couple with just that one child. However, this is a state where center care is rare, and family child care predominates in the child care landscape. Using family child care as the cost factor in the equation, *Minnesota* looks more affordable for that same family – among the 15 most-affordable, rather than among the 10 least-affordable.

MASSACHUSETTS
is the **least affordable** state for families of **infants or toddlers** in center-based care.



NEW YORK
is the **least affordable** state for families with a **4-year-old** in center-based care.



Child Care Aware® of America's Interactive Child Care Cost Map

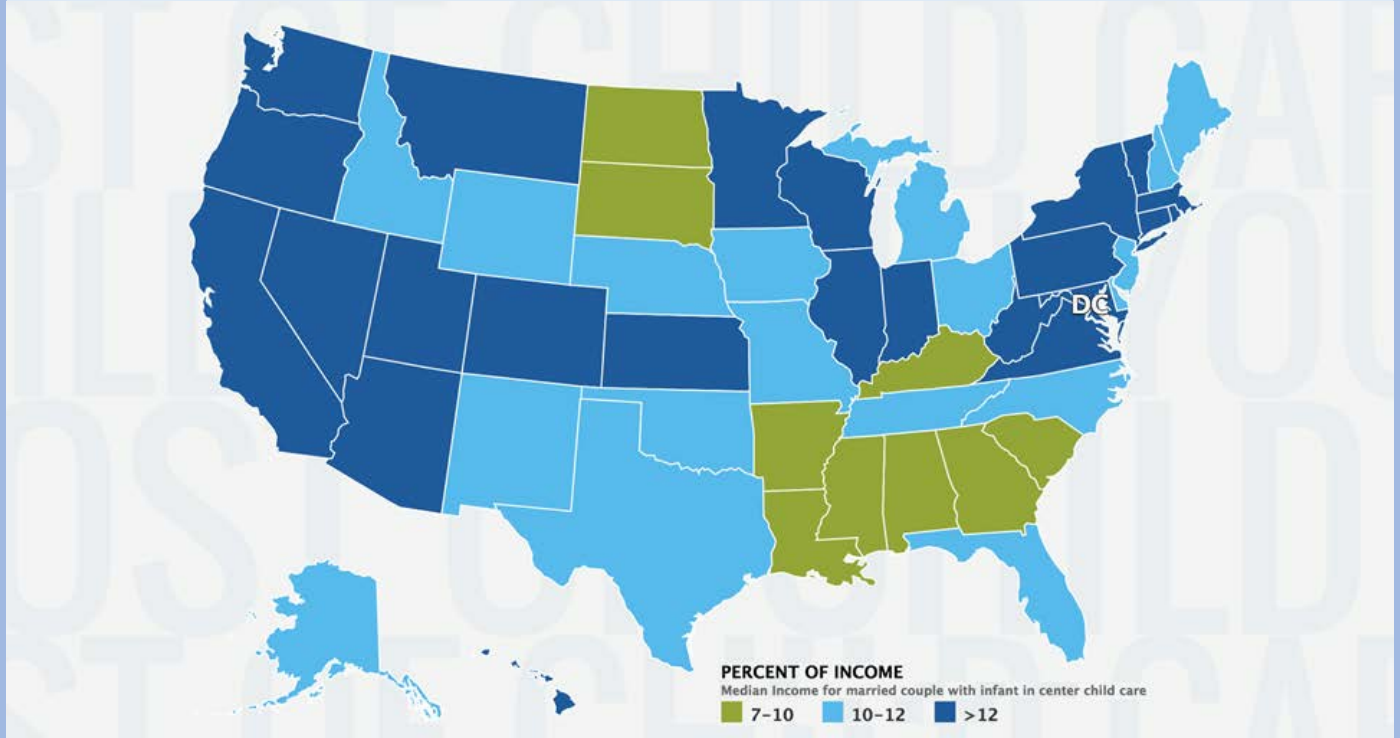
The following map shows the most- and least-expensive states for center-based infant care in 2016, with cost as a percentage of state median income for a married couple with one child in child care. States are separated into four categories by affordability. The U.S. Department of Health and Human Services announced in 2016 that their standard for [child care affordability to be at or below 7 percent of household income](#); the cutoff had previously been at 10 percent.

In 2016, the U.S. Department of Health and Human Services announced a new standard of affordability of no more than 7 percent of family income for child care.¹⁷ This means, simply, that no family should be paying more than 7 percent of their household income to cover the costs of child care. Yet, according to our analyses, the average family in every state is paying well in excess of this recommended proportion.

Depending on the state, the average cost of full-time center-based care for one infant ranges from just under 7 percent to more than 17 percent of the state median income for a married couple. In fact, in 41 states and the *District of Columbia*, the average cost of center-based care for an infant exceeds 10 percent of state median income for a married couple with children. Even for an older child, when weekly costs drop, the average annual cost of child care for a four-year-old in all but three states exceeds 7 percent of the median household income for a married couple with children. This four-year-old care cost exceeds 10 percent of this household income in 22 states plus the *District of Columbia*.



Average Cost For Center-Based Infant Care as a Percentage of Married Couple's Median Income



In addition to state-by-state average child care costs, we are including county-level costs for several states: *Alaska, Arizona, Delaware, Hawaii, Massachusetts, Minnesota, and New Hampshire*. For more information about county-level data for these states, review the Cost of Child Care Interactive Map on our web site.

The Cost of Child Care Interactive Map, which allows users to quickly access a variety of cost data for each state, is available on Child Care Aware® of America's website. **Click the map above or visit the following link to access use the interactive tool:** <http://usa.childcareaware.org/costofcare>.

Least-Affordable States

In *Tables 1 to 8* on the following pages, the average cost of care is compared to the state median income for single mothers,¹⁸ and to that for married couples with children. Rankings of affordability are based on the average cost of full-time care in a child care center and for full-time family child care, as compared to the state median income for married couples with children. As the data shows, the average cost of care is particularly unaffordable for single parents. **Across all states, the average cost of center-based infant care exceeds 27 percent of the median income for**

single parents, an increase of 3 percentage points from our findings in the *2016 Parents and the High Cost of Care* report. Although this difference is not significant, it does denote a trend to follow in coming years.

MARRIED COUPLES OR DUAL-INCOME HOUSEHOLDS?

Although Child Care Aware® of America collects average child care cost data to report each year, we rely on publicly accessible data from the U.S. Census Bureau (USCB) in order to calculate child care affordability by state. The USCB breaks households with children into types by single parents and by married couples. Each year we receive requests to re-label our data for married couples to "dual income households" - in an effort to maintain statistical integrity, and with regard to the data that is available via USCB, we maintain the current label of "married couples" for consistency with USCB's datasets.

Cost of Infant Child Care by State

See *Appendix III* for a complete listing of 2016 rankings of affordability for child care for an infant in a center and *Appendix IV* for rankings of affordability for an infant in family child care.

Table 1: Top 10 Least Affordable States for Center-Based Infant Care in 2016

Rank	State	Average annual cost of infant care in a center*	Single parent		Married couple	
			State median income**	Cost of care as a percentage of median income	State median income**	Cost of care as a percentage of median income
1	Massachusetts	\$20,125	\$28,389	70.9%	\$117,207	17.2%
2	Utah	\$12,249	\$26,942	45.5%	\$76,736	16.0%
3	California	\$13,671	\$26,891	50.8%	\$85,762	15.9%
4	Oregon	\$12,249	\$22,828	53.7%	\$77,465	15.8%
5	Minnesota	\$15,340	\$27,555	55.7%	\$97,708	15.7%
6	New York	\$15,028	\$26,347	57.0%	\$95,817	15.7%
7	Washington	\$13,742	\$26,692	51.5%	\$89,169	15.4%
8	Hawaii	\$13,704	\$30,045	45.6%	\$89,733	15.3%
9	Indiana	\$11,949	\$22,033	54.2%	\$78,930	15.1%
10	Illinois	\$13,413	\$24,639	54.4%	\$91,389	14.7%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

*Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

**Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Table 2: Top 10 Least Affordable States for Family Child Care for Infants in 2016

Rank	State	Average annual cost of infant care in FCC program*	Single parent		Married couple	
			State median income**	Cost of care as a percentage of median income	State median income**	Cost of care as a percentage of median income
1	Nevada	\$8,572	\$27,994	30.6%	\$72,222	11.9%
2	Washington	\$10,457	\$26,692	39.2%	\$89,169	11.7%
3	Utah	\$8,824	\$26,942	32.8%	\$76,736	11.5%
4	New York	\$10,972	\$26,347	41.6%	\$95,817	11.5%
5	Oregon	\$8,824	\$22,828	38.7%	\$77,465	11.4%
6	New Mexico	\$7,851	\$21,397	36.7%	\$70,095	11.2%
7	Wisconsin	\$9,525	\$24,649	38.6%	\$87,208	10.9%
8	Massachusetts	\$12,636	\$28,389	44.5%	\$117,207	10.8%
9	Alaska	\$10,101	\$33,153	30.5%	\$96,526	10.5%
10	Rhode Island	\$10,179	\$25,901	39.3%	\$97,785	10.4%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

*Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

**Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Cost of Toddler Child Care by State

See *Appendix V* for a complete listing of 2016 rankings of affordability for child care for a toddler in a center and *Appendix VI* for rankings of affordability for a toddler in family child care.

Table 3: Top 10 Least Affordable States for Center-Based Toddler Care in 2016

Rank	State	Average annual cost of infant care in a center ⁺	Single parent		Married couple	
			State median income ^{**}	Cost of care as a percentage of median income	State median income ^{**}	Cost of care as a percentage of median income
1	Massachusetts	\$18,586	\$28,389	65.5%	\$117,207	15.9%
2	Utah	\$11,463	\$26,942	42.5%	\$76,736	14.9%
3	Oregon	\$11,463	\$22,828	50.2%	\$77,465	14.8%
4	Indiana	\$10,885	\$22,033	49.4%	\$78,930	13.8%
5	New York	\$13,104	\$26,347	49.7%	\$95,817	13.7%
6	Minnesota	\$13,312	\$27,555	48.3%	\$97,708	13.6%
7	Washington	\$11,746	\$26,692	44.0%	\$89,169	13.2%
8	Nevada	\$9,475	\$27,994	33.8%	\$72,222	13.1%
9	Wisconsin	\$11,377	\$24,649	46.2%	\$87,208	13.0%
10	Hawaii	\$11,664	\$30,045	38.8%	\$89,733	13.0%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

^{**}Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Table 4: Top 10 Least Affordable States for Family Child Care Toddler Care in 2016

Rank	State	Average annual cost of infant care in FCC program ⁺	Single parent		Married couple	
			State median income ^{**}	Cost of care as a percentage of median income	State median income ^{**}	Cost of care as a percentage of median income
1	Nevada	\$8,209	\$27,994	29.3%	\$72,222	11.4%
2	New Mexico	\$7,947	\$21,397	37.1%	\$70,095	11.3%
3	New York	\$10,244	\$26,347	38.9%	\$95,817	10.7%
4	Washington	\$9,401	\$26,692	35.2%	\$89,169	10.5%
5	Wisconsin	\$9,193	\$24,649	37.3%	\$87,208	10.5%
6	Massachusetts	\$12,152	\$28,389	42.8%	\$117,207	10.4%
7	Utah	\$7,780	\$26,942	28.9%	\$76,736	10.1%
8	Oregon	\$7,780	\$22,828	34.1%	\$77,465	10.0%
9	Alaska	\$9,531	\$33,153	28.7%	\$96,526	9.9%
10	Florida	\$7,270	\$25,163	28.9%	\$74,599	9.7%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

^{**}Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Cost of 4-Year-Old Child Care by State

Appendix VII provides a complete listing of 2016 rankings of affordability for child care for a 4-year-old in a center and Appendix VIII provides rankings of affordability for a 4-year-old in family child care.

Table 5: Top 10 Least Affordable States for Center-Based Care for a 4-Year-Old in 2016

Rank	State	Average annual cost of 4-year-old care in a center*	Single parent		Married couple	
			State median income**	Cost of care as a percentage of median income	State median income**	Cost of care as a percentage of median income
1	New York	\$12,064	\$26,347	45.8%	\$95,817	12.6%
2	Nevada	\$8,786	\$27,994	31.4%	\$72,222	12.2%
3	Massachusetts	\$14,256	\$28,389	50.2%	\$117,207	12.2%
4	Oregon	\$9,396	\$22,828	41.2%	\$77,465	12.1%
5	Minnesota	\$11,804	\$27,555	42.8%	\$97,708	12.1%
6	Indiana	\$9,380	\$22,033	42.6%	\$78,930	11.9%
7	Washington	\$10,434	\$26,692	39.1%	\$89,169	11.7%
8	Vermont	\$10,009	\$25,183	39.7%	\$87,127	11.5%
9	Wisconsin	\$9,835	\$24,649	39.9%	\$87,208	11.3%
10	Alaska	\$10,764	\$33,153	32.5%	\$96,526	11.2%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

*Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

**Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Table 6: Top 10 Least Affordable States for Family Child Care for a 4-Year-Old in 2016

Rank	State	Average annual cost of 4-year-old care in FCC program*	Single parent		Married couple	
			State median income**	Cost of care as a percentage of median income	State median income**	Cost of care as a percentage of median income
1	Nevada	\$8,013	\$27,994	28.6%	\$72,222	11.1%
2	New Mexico	\$7,532	\$21,397	35.2%	\$70,095	10.7%
3	New York	\$10,140	\$26,347	38.5%	\$95,817	10.6%
4	Massachusetts	\$11,834	\$28,389	41.7%	\$117,207	10.1%
5	Alaska	\$9,645	\$33,153	29.1%	\$96,526	10.0%
6	California	\$8,444	\$26,891	31.4%	\$85,762	9.8%
7	Wisconsin	\$8,501	\$24,649	34.5%	\$87,208	9.7%
8	Rhode Island	\$9,375	\$25,901	36.2%	\$97,785	9.6%
9	Utah	\$7,317	\$26,942	27.2%	\$76,736	9.5%
10	Oregon	\$7,317	\$22,828	32.1%	\$77,465	9.4%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

*Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

**Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Cost of School-Age Child Care by State

See *Appendices IX through X* for a complete listing of 2016 rankings of affordability for center-based school-age care for 9 months, and affordability rankings for school-age family child care for 9 months.

Table 7: Top 10 Least Affordable States for 9 Months of Center-Based Before/After-School Care for a School-Age Child in 2016

Rank	State	Average annual cost of school-age care in a center ⁺	Single parent		Married couple	
			State median income ⁺⁺	Cost of care as a percentage of median income	State median income ⁺⁺	Cost of care as a percentage of median income
1	North Dakota	\$12,064	\$25,004	64.3%	\$91,750	17.5%
2	New York	\$12,064	\$26,347	61.1%	\$95,817	16.8%
3	Wyoming	\$6,846	\$25,107	36.4%	\$85,672	10.7%
4	Montana	\$5,952	\$20,875	38.0%	\$75,717	10.5%
5	Utah	\$5,626	\$26,942	27.8%	\$76,736	9.8%
6	Michigan	\$6,084	\$21,062	38.5%	\$83,747	9.7%
7	Oregon	\$5,626	\$22,828	32.9%	\$77,465	9.7%
8	Alaska	\$6,984	\$33,153	28.1%	\$96,526	9.6%
9	Kentucky	\$5,389	\$19,146	37.5%	\$74,992	9.6%
10	Alabama	\$5,381	\$19,034	37.7%	\$75,403	9.5%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

⁺⁺Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Table 8: Top 10 Least Affordable States for 9 Months of Family Child Care Before/After-School for a School-Age Child in 2016

Rank	State	Average annual cost of school-age FCC ⁺	Single parent		Married couple	
			State median income ⁺⁺	Cost of care as a percentage of median income	State median income ⁺⁺	Cost of care as a percentage of median income
1	Wyoming	\$7,800	\$25,107	41.4%	\$85,672	12.1%
2	Utah	\$6,043	\$26,942	29.9%	\$76,736	10.5%
3	Oregon	\$6,043	\$22,828	35.3%	\$77,465	10.4%
4	New York	\$7,352	\$26,347	37.2%	\$95,817	10.2%
5	Montana	\$5,520	\$20,875	35.3%	\$75,717	9.7%
6	Oklahoma	\$5,231	\$21,514	32.4%	\$71,791	9.7%
7	Hawaii	\$5,943	\$30,045	26.4%	\$89,733	8.8%
8	Alabama	\$4,858	\$19,034	34.0%	\$75,403	8.6%
9	Arizona	\$4,773	\$25,646	24.8%	\$75,018	8.5%
10	Nevada	\$4,569	\$27,994	21.8%	\$72,222	8.4%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

⁺⁺Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

What Families Pay for Child Care: Summer Edition

Families of school-age children typically pay considerably less for a year of child care for their school-age child – at least during the 9 months each year that their child attends school for a full day. In 2015, Child Care Aware® of America began to delve deeper into the costs for families of school-age children. Since last year’s report, we have further refined our definitions and reporting of school-age costs (see Table 9).

Table 9: Evolution of School-Age Costs Reported

2016 Report	2017 Report
▶ 9 months of school-age care	▶ 9 months of before-/after-school costs
▶ 12 months of school-age care	▶ 3 months of full-time summer care
▶ 3 months of summer care	▶ 3 months of part-time summer care

As this was the first year we collected data in this manner, data for summer costs is somewhat limited across states:

- ▶ Twenty-six states reported full-time center-based summer costs.
- ▶ Seventeen states also reported part-time summer costs for school-age children.
- ▶ Twenty-five states reported full-time family child care summer costs.
- ▶ Sixteen states also reported part-time summer costs for school-age children.

Rankings for states in which center-based school-aged child care is least affordable are reported below. All school-age costs have been reported in *Appendix IX*.

Of costs reported, full-time summer care costs ranged from \$1,057 in *Tennessee* to nearly \$7,000 in *Wisconsin*. Full-time school-age summertime care was most affordable in *Tennessee*, where it cost a married couple 1.4 percent of median income; it was least affordable in *Utah*, where full-time summer care costs families 8.3 percent of household median income. Part-time summer costs ranged from under \$500 in *Georgia* to nearly \$2,500 in *Massachusetts*. Part-time school-age summer care was most affordable in *Georgia*, where it costs a married couple 0.6 percent of median income, and least affordable in *Massachusetts*, where it costs a married couple 2.1 percent of median income.

When reviewing summer costs and affordability, it is imperative to take into account that the **data in this report is reflective of licensed child care for school-age children – not summer programming like camps or other special programs**. It is also necessary to take into account that, for example, **a married couple in Massachusetts pays more than 8 percent of their annual household income on just 3 months of child care for one child**. Affordability calculations in this section reflect the annual median household income required to cover the costs of a much smaller timeframe of care per child.



Table 10: Top 10 Least Affordable States for 3 Months of Center-Based Full-Time Care for a School-Age Child in 2016

Rank	State	Average cost of 3 months of full-time school-age care in a center ⁺	Single parent		Married couple	
			State median income ^{**}	Cost of care as a percentage of median income	State median income ^{**}	Cost of care as a percentage of median income
1	Utah	\$6,406	\$26,942	23.8%	\$76,736	8.3%
2	Oregon	\$6,406	\$22,828	28.1%	\$77,465	8.3%
3	Wisconsin	\$6,986	\$24,649	28.3%	\$87,208	8.0%
4	Arkansas	\$5,344	\$19,629	27.2%	\$67,057	8.0%
5	Michigan	\$5,668	\$21,062	26.9%	\$83,747	6.8%
6	Ohio	\$3,348	\$21,334	15.7%	\$84,790	3.9%
7	Arizona	\$2,257	\$25,646	8.8%	\$75,018	3.0%
8	Nevada	\$2,014	\$27,994	7.2%	\$72,222	2.8%
9	Massachusetts	\$3,026	\$28,389	10.7%	\$117,207	2.6%
10	Vermont	\$2,215	\$25,183	8.8%	\$87,127	2.5%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*. *Hawaii* has a subsidized school-age program and those rates were not included.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

^{**}Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Table 11: Top 10 Least Affordable States for 3 Months of Center-Based Part-Time Care for a School-Age Child in 2016

Rank	State	Average cost of 3 months of full-time school-age care in a center ⁺	Single parent		Married couple	
			State median income ^{**}	Cost of care as a percentage of median income	State median income ^{**}	Cost of care as a percentage of median income
1	Massachusetts	\$2,472	\$28,389	8.7%	\$117,207	2.1%
2	Ohio	\$1,781	\$21,334	8.3%	\$84,790	2.1%
3	West Virginia	\$1,500	\$17,620	8.5%	\$72,420	2.1%
4	Arizona	\$1,395	\$25,646	5.4%	\$75,018	1.9%
5	Utah	\$1,303	\$26,942	4.8%	\$76,736	1.7%
6	Oregon	\$1,303	\$22,828	5.7%	\$77,465	1.7%
7	Iowa	\$1,352	\$24,466	5.5%	\$83,931	1.6%
8	Indiana	\$1,265	\$22,033	5.7%	\$78,930	1.6%
9	New Jersey	\$1,785	\$30,423	5.9%	\$115,537	1.5%
10	Maine	\$1,157	\$23,080	5.0%	\$80,225	1.4%

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the *District of Columbia* or *Colorado*. *Hawaii* has a subsidized school-age program and those rates were not included.

⁺Source: Child Care Aware® of America's February 2017 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

^{**}Source: U.S. Census Bureau, American Community Survey, 2015 five-year estimate. Table B19126.

Child Care is one of the Highest Budget Items for Families

Every week, families pay a significant part of their earnings to cover the cost of child care, making child care a financial burden for working families.

The following chart shows how child care costs compare to other typical household costs. The average total cost of full-time care in a center for two children (an infant and a 4-year-old) in a center is compared to other typical household costs (for housing, transportation, food, and health care), by region. The comparison to college tuition is included in the chart because, in many states, the cost of a year's tuition and fees at a four-year public college is comparable to the average cost of child care.

The cost of full-time center-based care for two children is the highest largest single category of household expense in the Northeast and Midwest, and is a very close second to

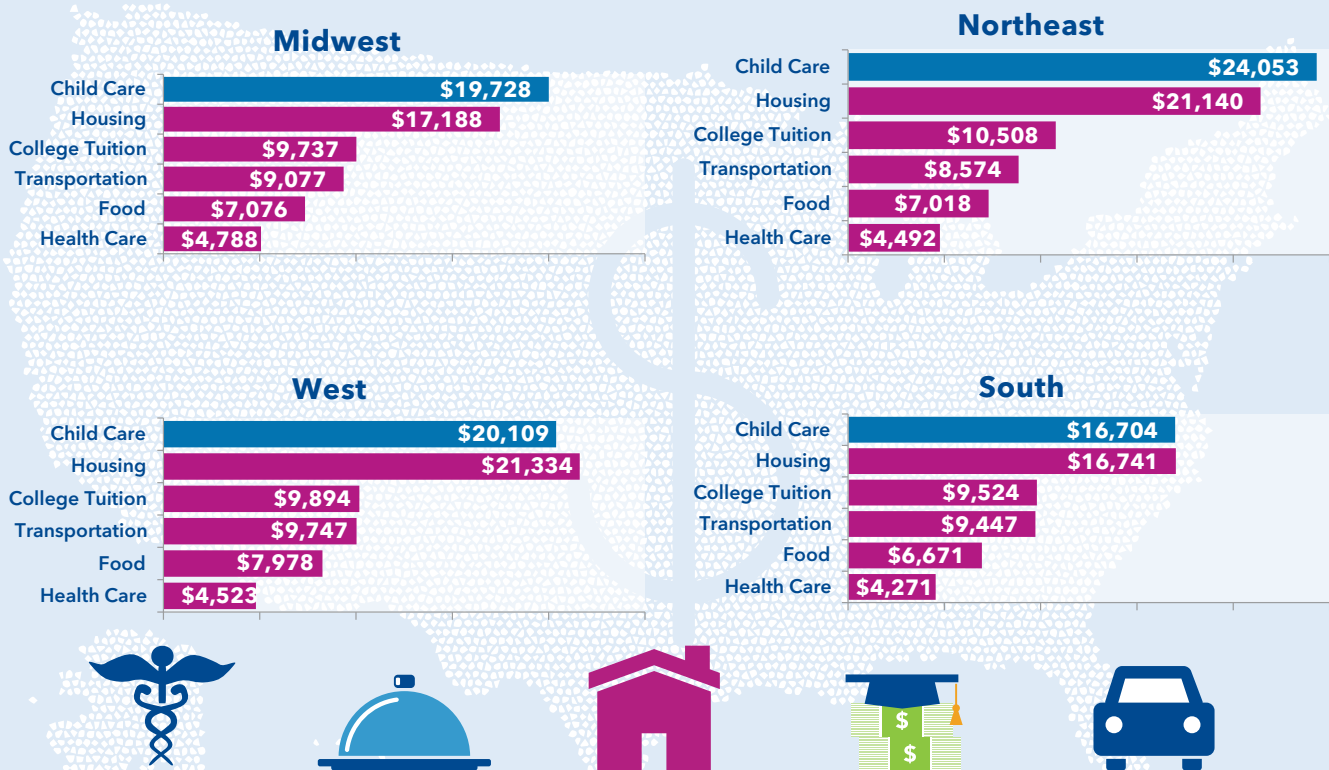
housing in the South. In the West, the cost of child care for two children is surpassed only by the high cost of housing. In every region in the U.S., the cost of housing and the cost of child care far outweigh other major household expenses. And that expense continues to increase.

The cost of child care fees for two children exceeds housing costs for homeowners with a mortgage in 35 states and the District of Columbia. Child care fees 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 fees for an infant in a child care center are more than the average amount that families spend on food and transportation combined.

Appendix XI has information about child care center costs and median housing costs by state.

Figure 1: Center-Based cCare Costs for Two Children Compared with Other Major Household Expenses by Region



Sources: Child care costs per region based on unweighted averages across states per region, 2016 costs for an infant and 4-year-old in full-time care in a center, Appendix I. Other household expenses reported by U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey 2015-16. <http://www.bls.gov/cex/csregion.htm>

*The term "Housing" incorporates costs associated with living in a shelter, including utilities, household operations, housekeeping supplies and household furnishings and equipment. College tuition is from Trends in College Pricing: 2016. <https://trends.collegeboard.org/college-pricing>.

Child Care is Unaffordable for Families with Low Incomes

The cost of child care is particularly difficult for families living at or below the federal poverty level. The federal poverty level in 2016 was \$20,160 for a family of three in the continental United States. The figure below, *Key Facts on Child Care Costs and Poverty*, displays the states where families at the poverty level would pay the highest and lowest percentages of their total income on child care for an infant.

Families of three in Massachusetts living at the poverty level would have to pay more than 99 percent of their income for full-time center-based care for an infant. For family child care, families of three in Massachusetts living at the poverty level would have to pay 62 percent of their income for full-time care in family child care for an infant.

Too many child care workers live in poverty. Last year, the median hourly wage for child care workers in the U.S. was \$10.18, making wages of child care workers comparable to fast food cooks. They are less likely to receive work-based benefits like health care and many have difficulty making ends meet. Many are unable to afford child care for their own families. According to our calculations, in every state, child care workers would need to spend more than half of their income in order to afford center-based child care for two children.

CHILD CARE WORKERS
in every state **pay half their salary** to cover the child care cost for **two children**.

The illustration shows a hand tearing a green dollar bill in half. Below this are two scenes: on the left, a teacher in a red shirt sits on a chair in a classroom, holding a book and an apple, with a child in a yellow shirt reaching up; on the right, a caregiver in a blue shirt sits at a table feeding a child in a blue shirt. The Child Care Aware of America 30 years logo is in the bottom right corner.

THE LIFETIME COST OF DIAPERS IS AROUND \$2,000
about the same as a **month** of infant child care costs in **Massachusetts** and **D.C.**

The infographic features a stack of white diapers on the left, with dollar signs indicating cost. On the right, it shows a map of Massachusetts with the text 'MASSACHUSETTS \$1,677 A MONTH' and a map of D.C. with the text 'D.C. \$1,924 A MONTH'. Below this, it states 'the most expensive places in the U.S. to pay for center-based child care.' The Child Care Aware of America 30 years logo is in the bottom right corner.

Even for families of three earning an income **double** the federal poverty threshold (or \$40,320), child care is a significant burden. **The cost for center-based infant care ranges from almost 13 percent of income for this a low-income family in Mississippi to nearly 50 percent of family income in Massachusetts.** Likewise, the cost for care for an infant in family child care ranges from 8.6 percent of income for a low-income family in Mississippi to 31.3 percent of family income in Massachusetts.

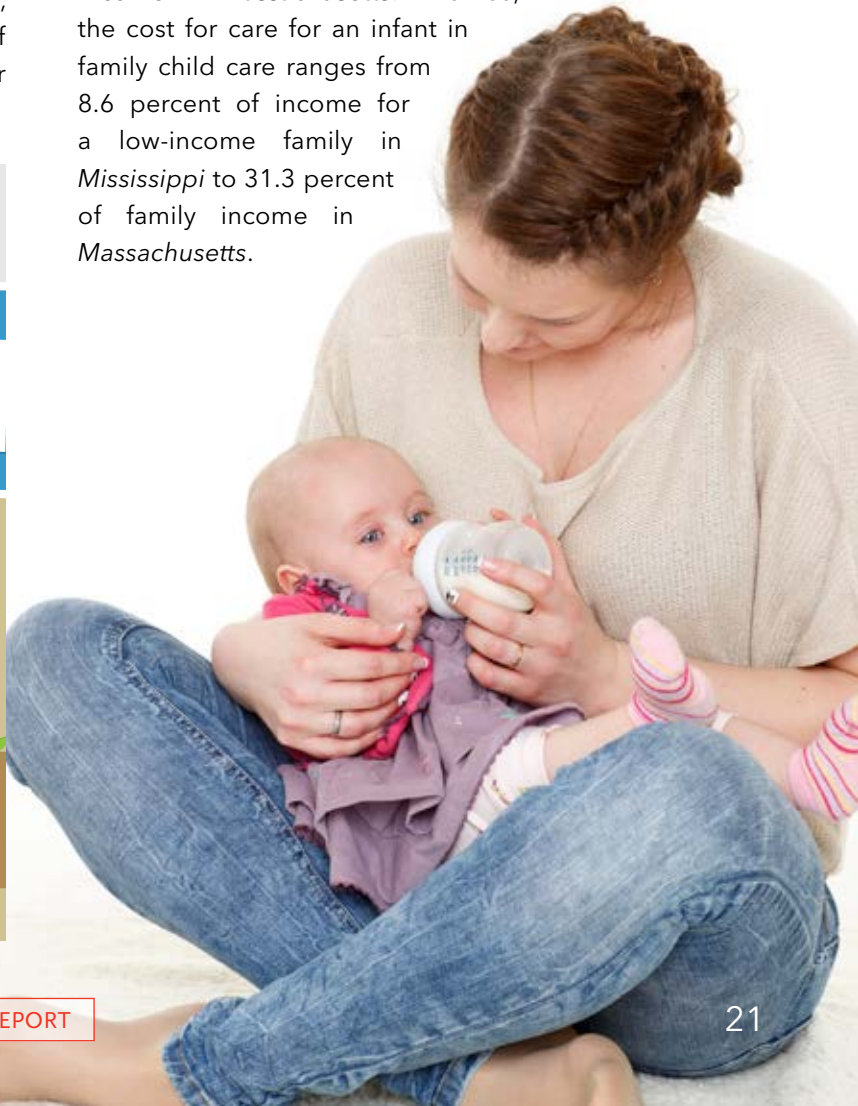
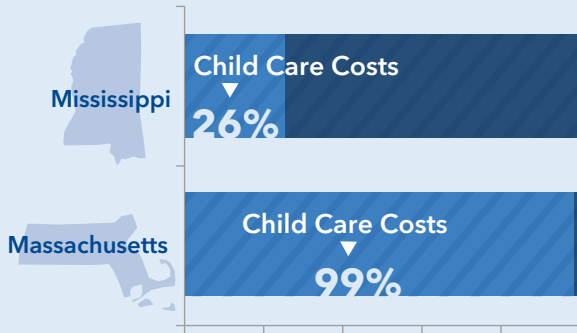


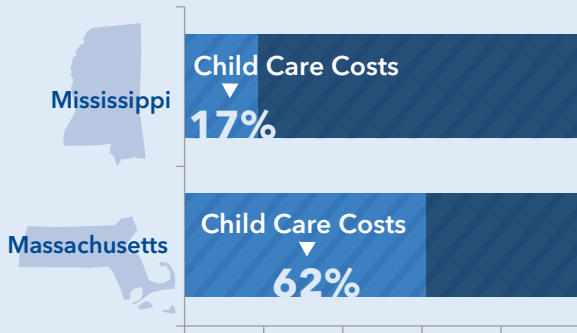
Figure 2: Key Facts on Child Care Costs and Poverty

Highest and Lowest Average Child Care Costs as a Percentage of Income for Families at the Poverty Level

Center-Based Infant Care



Infant Care in a Family Child Care Home



Appendix XV (infants and two children) and Appendix XVI (4-year-olds and school-age) show the average annual cost of center-based child care in every state as a percentage of the federal poverty level; 150 percent of the federal poverty level; and 200 percent of the federal poverty level.

Child Care Costs versus College Costs

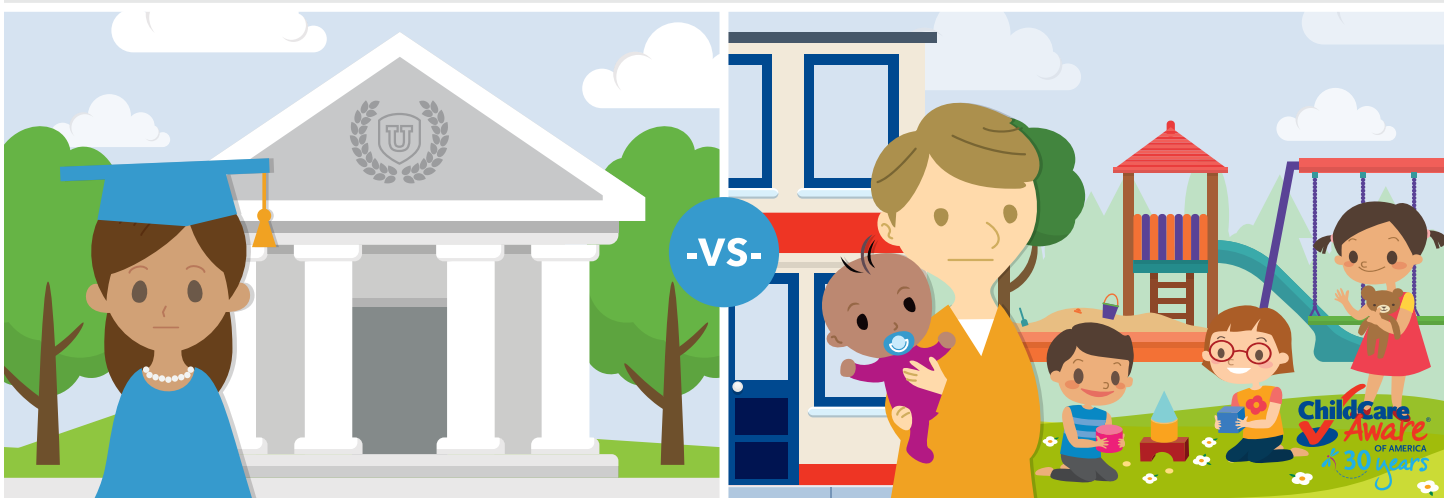
As noted in the previous charts, the cost of child care is comparable to or exceeds college tuition. **In 2016, the average annual cost for an infant in center-based care was higher than a year's tuition and fees at a four-year public college in 28 states and the District of Columbia.** In 15 states and the District of Columbia, even the annual average cost of care for a 4-year-old in a center, which is less expensive than care for an infant, was higher than public college tuition and fees in 15 states and the District of Columbia.¹⁹

Appendix XII shows the 2016 average annual costs of full-time center-based care for an infant, a 4-year-old child, and a school-age child compared to public college tuition and fees by state.



COLLEGE TUITION vs. THE COST OF CHILD CARE

The **average annual** cost of center-based care for an infant was **higher than** tuition at a four-year public college in 28 states and the District of Columbia.





FINANCING ACCESS TO QUALITY AFFORDABLE CHILD CARE

This report describes the high cost of child care for families across the country, delving into the unaffordability of even average child care costs for single parents, and families at the Federal Poverty Line, and for child care workers. Child care is unaffordable for families across the country. Where do we go from here? It's not enough to describe the problem. We at Child Care Aware® of America are dedicated to finding workable solutions.

We began this report by making the case that child care is a solid return on investment, leading to better outcomes for children and families, but also for the nation at large. And we added the caveat that **better outcomes come only from high quality early care and education. Making sufficient quality available to all children will require significant investment in the child care workforce, and increasing family access to quality programs by building their supply.**

For many years, Child Care Aware® of America has called for increases in federal investment in child care to alleviate the burden of the high cost of care. We fought to pass the Child Care Development Block Grant (CCDBG) Act in 2014. It increased requirements for health and safety, and ensured stability for families with low income in the child care subsidy system, both of which are integral components to building high-quality child care supply.

FINANCING EARLY CARE AND EDUCATION WITH A HIGHLY QUALIFIED WORKFORCE

The National Academies of Sciences, Engineering and Medicine Board on Children, Youth, and Families convened an [ad hoc committee](#) to study how to fund early care and education for children from birth to kindergarten that is accessible, affordable, and of high quality – this includes supporting a highly qualified early education workforce, the backbone of quality care.

The committee has spent much of 2017 reviewing resources and interviewing key stakeholders with the goal of reporting on financing solutions. Their report is currently scheduled for release early in 2018.

“Expensive child care is the reality for most working families. With or without assistance, the cost for child care is too much. We need more affordable quality child care options; we need vouchers and other assistance programs to extend to more parents and families; we need to fight for our children and fight for ourselves so that we can go to work to feed our families and also know that they are being well taken care of when we can't be there.”

- Mother of two



However, while we know federal investments are an important part of the solution, the reality is that most of the creative solutions to the cost of child care occur at the state and local levels.²⁰ Additional public and private investments and creative strategies are needed to strengthen the child care sector. In this the next section, we describe a number of creative strategies being employed across the country to make high-quality child care more affordable and available for American families.

Estimating the Cost of Quality and Building Incentives for Programs to Meet Higher Standards

Child care programs, like any business or non-profit, need to take into account revenues, expenses, and regulations standards that must be met, such as child care licensing regulations and quality improvement standards. Higher staff-to-child ratios, which allow teachers to give more individualized attention to the children in their group, for example, have an impact on staffing costs, from hiring, to salary and benefits, to training and professional development, to occupancy. For example, to strengthen child care as a business sector, policymakers and program directors need accurate cost estimates of proposed quality improvements.

"I am so thankful for child care and especially the child care provider I chose. We are still friends today, and she works hard every day to give all her day care kids the best experience."

- Single mom of five

However, most states do not use true cost estimates to set payment rates for providers that care for children receiving state child care subsidies. The rules that govern the federal Child Care and Development Block Grant - the main source of federal dollars available to states to assist families to pay for child care - states are only required to conduct a market rate survey every two years.²¹ Federal guidance recommends that states set their rates no lower than the 75th percentile of market rate, or high enough to enable a family's access to 75 percent of providers in the market. States are not required to set their payment rates to subsidize providers based on the 75th percentile of updated versions of market rate studies.

Though the 2014 CCDBG law requires states to use market rate surveys (or alternative methodology) to set payment rates, these surveys are also limited in scope. Capturing only historical fee data (i.e., only what providers have been able to charged private -pay clients); and given that in a market in which so few parents can afford the true cost of quality care, this method of rate setting is not a mechanism for securing access to quality services.

Online tools are available to help providers and state child care administrators develop estimates using the features of their own child care landscapes, using their own and data. [The Provider Cost of Quality Estimator](#) and the [Cost Estimator Model](#) are both available through the Office of Child Care, Administration for Children and Families, Department of Health and Human Services. First developed by the [Alliance for Early Childhood Finance](#), these tools can support better program and policy planning and demonstrate the gap between what parents can pay and the true cost of programming that will support children's growth and development.

"When states fail to authorize a full-time child care subsidy, pay for absence days, or re-determine eligibility frequently, child care centers are not paid. Yet the costs of running the program remain, even if every child is not in attendance or every classroom fully enrolled. Cost modeling must take these losses into consideration."

- Louise Stoney (2015)



SUPPORTING MISSION READINESS: THE DOD CHILD CARE FEE ASSISTANCE PROGRAM

Like many parents, military parents worry about affordability of child care. However, they also have additional burdens including deployments, training, and irregular work hours. United States Department of Defense recognizes the multiple stressors that these families face and views child care as a critical support for the families who serve our country. Since the late 1980s, the U.S. Department of Defense has developed a comprehensive child care system as a core strategy to increase military readiness, improve job satisfaction, and increase rates of reenlistment, saving the military significant amounts of money annually.²²

The Department of Defense's child care system has often been touted as a model for the nation with its high standards, strong accountability and positive outcomes for children. The armed forces views comprehensive child care as part of mission readiness by ensuring that parents have access to stable, high-quality, affordable child care arrangements on or near the places where their parents work. Today, over 160,000 military families and 200,000 children receive child care subsidies in addition to the over 800 Child Development Centers (CDCs) on military installations worldwide.

The Department of Defense's Child Care Fee Assistance was created to provide authorized active duty personnel assistance in locating, selecting, and offsetting the cost of civilian child care when on-base child care is not available, or a viable option for the service member and their family. Child Care Aware® of America manages the fee assistance program and serves more than 10,000 military children needing off-base child care every year. There are specific programs and assistance available for branches of the military including the Navy, Air Force, Marine Corps and Army. One of the core benefits of Child Care Fee Assistance programs is that they are available to all divisions and all Active Duty and Reserve Active Duty members, regardless of rank or income. The program determines fees by taking into account total family income, program type and whether the member resides near high cost installations.

In addition, Child Care Aware® of America partners with the Navy and Air Force to provide respite care to members through the [Exceptional Family Member \(EFM\) Respite Care](#) programs. Child Care Aware® of America has been administering the Exceptional Family Member Program (EFMP). EFMP Respite Care is high-quality child care for the exceptional children of military members to give their parents a break. Finding and paying for high-quality child care for children with special needs presents significant challenges for military parents, and they are often away from their extended families' support. Through EFMP Respite Care, eligible parents interview with and select from a pool of appropriately trained and screened providers who are matched to meet the special needs of the family. Respite Care is usually provided in the family's home. Respite Care Providers receive continuous training geared to the special circumstances of the children in their care. EFMP Respite Care is available to eligible Service Members throughout the United States and is provided at no cost to families.

Strengthening Child Care Businesses by Forming Alliances for Shared Services

A growing number of child care program directors are realizing they can better shape their budgets toward higher quality. When they share the administrative costs of running their businesses with other child care programs. In this innovative approach that is well-established in other business sectors but is an innovation in the early care and education sector, multiple programs contribute to overhead costs they all must pay, such as leadership and administration, HR and benefits management, sanitation, food services, and/or insurance plans by forming an alliance. By pooling their resources and purchasing goods and services in bulk, these programs are in a

better position to leverage lower costs. Sharing staff or contractors can trim expenses at each program. Savings can then be invested in quality improvements and in the long run, lower prices for parents.

The implementation of a shared services alliance not only allows a group of programs to share the costs of overhead and management, but also can ensure optimum enrollment rates for all. The financial implications of high vacancy rates, sporadic attendance and inconsistent family fee collection can be devastating and have driven many child care programs both small and large, out of business. Each of these factors can also have a significant effect on costs in voucher-based and subsidized child care, that which pays on the basis of each child's attendance (unlike Head Start,

which reimburses programs based on average enrollment across a period of time). By joining forces, shared services alliance members are able to boost buying power, share best practices and enhance their programs for children. Some examples of successful alliances include:

- ▶ Merage Foundation’s [Early Learning Ventures](#) program
- ▶ New Hampshire’s [State Early Learning Alliance](#)
- ▶ [Shared Solutions Alliance in Ohio](#)

Building the Supply of Quality Child Care Settings

Some parents prefer that their young children are cared for in a home environment, but family child care businesses often need support to be able to offer nurturing care to children, engage families, and manage the business of being a provider.²³ Efforts to build new and stronger family child care settings are being implemented in communities across the country, typically by creating staffed networks or community-based partnerships between individual family child care business owners and an established agency to help them with quality enhancement and business management.

Staffed family child care programs have at least one paid staff person who provides ongoing oversight and support to family child care businesses in the network. These staff provide services like training, technical assistance, and coaching. Research found that staffed family child care networks resulted in significant differences in the quality

provided, as compared to quality from non-affiliated providers. This difference was even greater when the staff that worked with family child care owners had specialized postsecondary level preparatory coursework that focused on infant and toddler child care.²⁴

SUPPORTING FAMILY CHILD CARE

Programs like [All Our Kin](#), a family child care network in New Haven, Connecticut, offers training, support, and other resources to family child care programs in New Haven, Bridgeport, Stamford, and Norwalk. Over the years, research on their model has demonstrated higher quality programming and benefits to the local economy. [In a 2016 study](#), researchers compared family child care providers from the All Our Kin network to non-All Our Kin family child care providers. They found that All Our Kin providers significantly outperformed non-All Our Kin providers on observational measures of environmental quality. In addition, 50 percent of All Our Kin providers indicated that they intended to stay in the field of family child care “as long as possible,” compared to 7 percent of the comparison providers. Intention to remain in the field has been shown to be an important correlate of quality.

PUBLIC-PRIVATE PARTNERSHIPS IN OKLAHOMA: FUNDING QUALITY CHILD CARE

In 2006, Oklahoma established the Oklahoma Early Childhood Project (OECF), which distributes grants for programs serving at-risk infants and toddlers looking to expand or enhance their quality. The State of Oklahoma allocates general revenue funds which are then matched by private philanthropic dollars, with private dollars making up a slight majority of funds. The Community Action Project of Tulsa County (CAP) administers the program, providing technical assistance to participating providers. Grant recipients are required to meet minimum benchmarks, such as staff educational requirements, pay requirements, and requirements around accreditation. Children in OECF programs had higher social-emotional development scores and their classroom environments had higher child-teacher interaction scores, among other differences. Oklahoma’s program is a shining example of how the public sector and private philanthropists can join forces to invest in providing quality care to at-risk children and families.

Involving Other Business Sectors in Supporting Better Child Care for Their Workforce and Communities

Business leaders have become powerful advocates for the child care needs of their employees and the larger community where they are based. Leading business organizations are actively encouraging the public, their constituencies, and policymakers to support investments in better child care and learning experiences for young children. These business leaders also are clear that their current and future workforce depends on high-quality child care. In Minnesota, a strong coalition of businesses, advocates, funders, and thought leaders called [MinneMinds](#) pushed for an increase in public funding for access to high-quality early care and education. They supported and helped gain funding for the [Minnesota Early Learning Scholarship Program](#), which provides almost 6,000 scholarships per year, each worth up to \$7,500, a year for to underwrite higher quality programs for 3- and 4-year-olds.

The [Committee for Economic Development](#) and [Ready Nation](#) are both business- membership organizations that [make this argument](#) and [provide tools](#) to business leaders on this topic. Many local and state Chambers of Commerce are also actively advocating for increased investments in quality child care, to support both the current workforce and the school readiness of children. For example, the [Georgia Early Education Alliance for Ready Students](#) (GEEARS) developed a state-specific toolkit, which provides ideas for how businesses can expand affordability and accessibility of child care and promotes family friendly policies that allow better work-life balance.

SUPPORTING VETERAN PARENTS

Launched in 2017, the Tiny Boots Child Care Program reflects a partnership between the YWCA and, the Illinois Department of Veterans Affairs (IDVA) to support Illinois veterans in need of child care during scheduled medical or counseling appointments and job interviews the program is at no cost to the Veteran. This program is funded through a grant from the IDVA Vet Cash Grant Program that is part of the Illinois Lottery.

This program is viewed as a triple win helping veterans find quality affordable care, helping childcare providers fill unused capacity, and supporting the work of the YWCA Metropolitan Chicago. Currently there are 77 providers approved to provide care and the program has fulfilled 87 appointment dates for veterans. For more information about this program, contact [Shelley Bromberek-Lambert](#) with the Chicago YWCA.



Funding Early Childhood Education through Taxes and Fees for Services or Commodities

Communities across the country recognize the importance of quality early education for their children. Over the years, communities²⁵ have passed legislation for minor local tax increases, with big results.

In June 2016, the city of Philadelphia implemented an aggressive 1.5 cent-per-ounce tax on sugary and diet beverages, levying this tax on distributors. This tax could add as much as 18 cents to the cost of a 12-ounce can, or \$1 to the cost of a 2-liter container, affecting sodas, teas, sports drinks, and other products. Although similar tax proposals have failed in more than 30 cities and states in recent years, the success for this proposal is based largely on the estimated \$90 million this tax is expected to generate in tax revenue over the next year, to pay for prekindergarten, community schools and recreation centers.

Using the Tax System to Provide Incentives for Business Investment

Tax credits defray the tax burden for businesses that support an activity the government wishes to encourage. Unlike a deduction, credits don't just lower the amount of taxable income; they actually lower the bottom line of tax liability.²⁶ Some states are looking to the tax system to help build the supply of child care options. In *Louisiana*, a business can be eligible for tax credits for supporting child care centers that are part of the state's Quality Start program QRIS (a quality rating and improvement system, or QRIS), with higher credits for higher quality-rating levels. A credit of up to \$5,000 is available to businesses that donate funding to Child Care Resource & Referral agencies.²⁷

Offering Refundable State Tax Credits for Low- and Moderate-Income Families

The federal government currently offers two tax credits for eligible parents can utilize: the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC). Although relatively small when compared to the high costs of child care, tapping into the tax system can help defray the costs of paying for child care. In addition, states can also create their own CTCs and CDCTC credits, to further supplement or defray child care costs. Although most state versions of these credits are often structured as a percentage of federal credits, states are able to expand family eligibility, adjust income thresholds, and introduce other features specifically targeted to working families.³²

BUDGETING FOR CHILD CARE COSTS: FAMILY BUDGET CALCULATOR

The Economic Policy Institute developed and maintains an [online interactive tool](#) families can use to budget monthly and annual expenditures for their area. Child Care Aware® of America has partnered with researchers at Economic Policy Institute to provide this year's cost data for the child care component of the updated calculator. This calculator is also a useful tool for policymakers and child care and family advocates to demonstrate the proportion of household expenditures going to pay for child care.



When tax credits are tied to state systems such as a QRIS, tiered reimbursements, or professional development initiatives, and are planned correctly, they can support the improvement of programming, staff credentialing, and ultimately improve access to quality programs and teachers for low-income children.³³ However, this mechanism has its challenge, too. Credits may not fully cover the cost of quality, resulting in a limited quantity number of highly-rated programs and fewer families accessing the higher tax credits.

Using Private Investment through a “Pay for Success” Model

“Pay for success bonds” (also called “social impact bonds” or “social benefit bonds”) are bonds that pay for social investments with a public benefit. The goal is to encourage local experimentation on novel ideas, then evaluate results, fund what works, and defund what does not.²⁸ The government contracts with an intermediary organization to provide the program and sets target outcomes to measure success. Private investors provide the upfront capital to the intermediary, and investors earn back a return on this investment only if an independent evaluator determines that target outcomes set by the government are met. The government then pays the private investors.²⁹ As of February 2016, there are eight funded “Pay for Success Projects”

with a total investment of \$107 million.³⁰ Initiatives in Salt Lake City and Chicago focus on reducing gaps in academic achievement among early childhood education programs. Some in the early childhood field see the potential to build-in this new type of financing as a component of child care systems as a new financing source, given research showing the long-term positive impact of high-quality programs on child development and future earnings.³¹

“My desire to obtain a comfortable lifestyle meant another human had to perform duties no labor union would ever allow: 10 hour plus workdays five days a week with no benefits or overtime. There has to be a better solution for mothers on both sides of the child care door. Our children deserve it. Our humanity demands it.”

- Teacher and mother to three girls





POLICY RECOMMENDATIONS

With an increasing reliance on families to cover the high costs of finding care for their children, it's 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 workforce engine on which our economy is built, so the federal government, in particular, has a role to play in developing viable solutions to cover the costs of higher quality child care. We call on federal and state policymakers and the administration to make child care a top priority when working on appropriation and budgets.

To better meet the needs of working families, Child Care Aware® of America recommends that Congress:

- ▶ **Invest in child care.** Given the importance of child care to our nation's economic strength, any infrastructure investment should include an investment in child care. This can be, most effectively done through an expansion of funding provided to states, through the Child Care and Development Block Grant (CCDBG). This our major federal child care program, of needs an allocation at least \$1.4 billion higher; and an increase in funding which could be used to expand the supply of child care and promote the quality of care. Do this by supporting the appropriation of \$9.6 billion for Head Start, to support the Early Head Start-Child Care partnership program, and by providing provide \$1.167 billion for the 21st Century Community Learning Centers Program for school-age children.
- ▶ **Pass legislation to support working families,** like the Working Families Act of 2017, which establishes a new federal-state partnership based on Medicaid, to provide high-quality, affordable child care from birth through age 13, and more than doubles the universe of children eligible for child care assistance. The Child Care for Working Families Act would address the current early learning and care crisis by ensuring that no family under 150 percent of state median income

pays more than 7 percent of their income on child care. Families would pay their fair share for care on a sliding scale, regardless of the number of children they have. The bill would also support universal access to high-quality preschool programs for all 3- and 4-year olds. Finally, the bill would significantly improve compensation and training for the child care workforce, to ensure that our nation's teachers and caregivers have the support they, as well as the children they are caring for, need to thrive.

"Child care shouldn't be this expensive. Give mothers more time off, or offer alternatives so that the child doesn't have to attend child care five days a week. Raise the income requirements for state assistance. There are so many answers and solutions, but nothing is being done."

- Millennial and single parent

Child care employs millions of individuals in small and large businesses. Infrastructure funds can be used to upgrade and expand existing child care centers; build new child care centers; and cover start-up costs for small family, community and faith-based child care businesses.

- ▶ **Limit the cost burden for families.** Review and consider available policy options to help families offset the rising cost of child care, including but not limited to: raising dependent care limits for deductions and/or providing additional tax credits for families and providers; creating public-private partnerships to invest in child care in local communities; and looking to states that have already developed successful financing models as case examples for other states and communities.

- ▶ **Support family-friendly policies that allow parents to work and children to thrive.** Pass the Family and Medical Insurance Leave (FAMILY) Act, a proposal for paid and family medical leave, and provide full support for promising programs that promote parents as their child's first teacher.

"I would not be where I am today if it were not for child care. It has given me the opportunity to hold a steady career and provide all the other essential family necessities."

- Single mom of five

- ▶ **Streamline eligibility standards and procedures.** Simplify the process whereby families qualify for various child care tax incentives, so they can easily access them. Pass the Promoting Affordable Child Care For Everyone (PACE) Act of 2017, which will help provide relief for families by offsetting child care costs via tax credits.
- ▶ **Support parents pursuing higher education.** Ensure that parents who are enrolled in and attend college full- or part-time are permitted to take advantage of the Dependent Care Tax Credit. Pass the Child Care Access Means Parents in School Reauthorization Act (CAMPIS) and make it a permanent support for support for parents of young children who are pursuing further education.
- ▶ **Prioritize professional development for the child care workforce.** Provide professional development, workforce support, and appropriate compensation for all child care professionals. Increase federal support for Tribal training and professional development and support for formula grants for high-quality preschool.

Ever-tightening budget and spending constraints threaten to aggravate the strain on the existing financial patchwork of care options already available for families. We call on parents, concerned citizens, and early care and education professionals to urge federal and state legislators to address the often overwhelming cost of quality child care:

- ▶ Provide resources for planning and developing child care capacity to increase the availability of high-quality child care options for working families. Incentivize and reward programs and workers who reach high levels of performance.
- ▶ Reduce barriers in the subsidy administration process that prevent families from receiving assistance.
- ▶ Require states to have more effective sliding-fee assistance phase-out plans, to ensure that parents who receive a modest raise do not lose all child care assistance.
- ▶ Provide child care assistance to families that do not qualify for fee assistance but who cannot afford the market cost of child care in their community.
- ▶ Ensure educational systems are designed to promote and ensure access to programs and services needed by new entrants entering to the early childhood workforce, as well as those by current employees seeking professional development opportunities.
- ▶ Authorize funds for pilots in high-poverty rural communities to explore strategies that braid multiple funding sources to better meet the child care needs of working parents (meeting the criteria of the strongest funding stream to ensure safe, quality care for children).





CONCLUSION

Parents and the High Cost of Child Care: 2017 Report details the economic challenge America's working families face in paying for child care. Every family deserves access to high-quality child care for their children and to know that their child is in a safe, stimulating environment.

Yet with child care costs expensive - especially when compared to other household costs - most families struggle to pay for child care, particularly higher-quality care. This challenge to pay for child care is exacerbated for families with more than one child, single-parent families, and families living at or below the Federal Poverty Line.

When parents are priced out of legally operating child care, they are often forced to select unlicensed care or

cobble together several child care arrangements to ensure their child is cared for while they are at work or school. Often, these options are of lower quality than licensed settings, which has an impact on children's development and learning.

Through careful planning by the government at the federal, state and local levels, we can ensure that quality, affordable child care settings are available for working parents in every community. The status quo is unacceptable. It is well past time to take significant action for our children, and our country's economic future.



Staff at Child Care Aware® of America compiled this report: Jessica Tercha and Stephen Wood, who compiled the data; and Dr. Lynette Fraga, Dr. Dionne Dobbins, Fitzgerald Draper, and Michelle McCready, who wrote the report. We wish to thank our colleagues for their thoughtful review of this report: we are thankful for your time, your insights, and your commitment to the advancement of policy and practice.



GLOSSARY

Child and Dependent Care Tax Credit (CDCTC): Tax credit offered by the federal government, through which families can claim up to \$6,000 in qualified care expenses for two dependents each year.

Child Care and Development Block Grant (CCDBG): CCDBG is a \$5 billion federal block grant program that provides funding to States, Territories, and Tribes. It is the primary federal funding source devoted to providing access to child care services to low-income working families and to improving the quality of child care.

Child Care Center: An early care and education facility that is licensed/license exempt by the state and operates under a proprietary or not-for-profit status, independently, or as part of a large chain of facilities or a faith-based organization.

Child Care and Development Fund (CCDF) Final Rule: Updates regulations to incorporate, and in some cases clarify, changes made through CCDBG.

Child Care Resource & Referral (CCR&R): An agency that provides services to the community based on the unique needs of the families in that community and determined by the structures and activities local leaders and planners envision and develop.

Child Tax Credit (CTC): Tax credit offered by the federal government, worth up to \$1,000 per child, a portion of which is refundable depending on family size and income.

Early Childhood Education (ECE): A branch of education related to teaching young children.

Earned Income Tax Credit (EITC): Tax credit offered by the federal government, worth up to \$1,200 per year per eligible family.

Family Child Care (FCC) Homes: Child care offered in a caregiver's own home and, depending on the state's licensing regulations, may be licensed or exempt from licensing.

Family, Friend and Neighbor (FFN) Care: Typically unregulated, unlicensed care performed by a family member, family friend, or other caregiver unrelated to a child.

Illegal Child Care: A child care provider who is legally required to have a license but does not have one is operating illegally without a license, and may be subject to penalties for violating licensing laws.

Infant: Though there are state-specific definitions, infants are children under 12 months old.

Legally Operating Child Care: Licensed child care programs or programs legally exempt from licensure by state legislation.



Licensed Child Care: Family child care homes and child care centers that are legally required to comply with state standards and to be inspected. Legislation by individual states defines which programs are required to be licensed.

License-exempt Child Care: Child care that can operate legally without a license. License-exempt child care programs are not required to comply with all state standards, and they have few or no inspections. Legislation by individual states defines which programs are exempt from licensure. Examples of providers that some states choose to exempt from licensure include providers caring only for their relatives; family child care providers caring for fewer children than the number required for state licensing; centers operated by religious or faith-based organizations, state agencies, local governments, or military facilities; programs that operate less than four hours a day; and nannies that care for children in the children's own home.

Preschool Age: Though there are state-specific definitions, children ages 3 to 5 years, who are not yet in kindergarten, are considered to be of preschool age.

Quality Rating and Improvement System (QRIS): A system some states have in place to set and assess program quality standards.

Rural: The U.S. Census Bureau defines areas with a population of less than 50,000 as rural.

School Age: Though there are state-specific definitions, children who have started school, normally 5 years and older, are considered to be school age.

Social Services Block Grant (SSBG): Flexible source of federal funding available to states to support a variety of social services activities.

Temporary Assistance for Needy Families (TANF): Federally funded program run by states that provides limited cash assistance to families with very low income.

Toddler: Though there are state-specific definitions, toddlers are children between the ages of 12 and 36 months.

Urban: The U.S. Census Bureau defines an urban area as a built-up area with a population of 50,000 or more. It encompasses one or more central places and is adjacent to densely settled surrounding areas, known as urban fringe.





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