

Economic Impact of the Child Care Industry

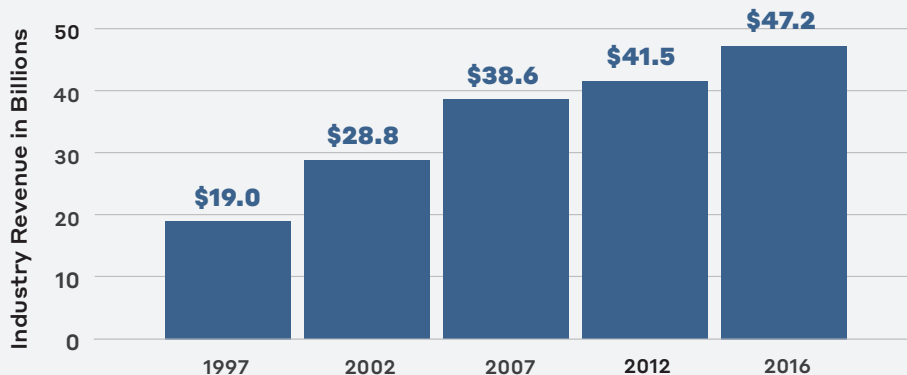
Child care plays an increasingly integral role in the nation's economic growth and productivity. The child care sector must continually evolve to meet the demands of working parents and employers, while the industry itself is a powerful force in regional and national economic growth. In addition to boosting labor participation, workforce productivity, and parents' household earnings, the child care industry contributes to the local economy by employing workers, purchasing goods and services, and stimulating economic activity in other sectors.²²⁷

1.1 million part-time workers cited problems with child care as the primary reason for not working full time on a regular basis in 2018.

WORKING PARENTS

Access to affordable child care allows for increased labor force participation and education of the workforce. In the United States, 66% of children under age 6 have all available parents in the workforce.²²⁸ It is an economic reality that working parents need safe, reliable, and affordable child care while they are at work. Without these options, parents will reduce their hours or opt out of the workforce all together, which will have detrimental effects on the household earnings of the family, their employer, and the broader economy. U.S. businesses lose approximately \$13 billion per year due to employees missing work, leaving work early, or leaving their job completely for child-care-related reasons.²²⁹

Child Care Industry Revenue : 1997 - 2016²³⁰



CHILD CARE AS A BUSINESS

The child care industry consists of a large network of small businesses, often home-based and operated by a sole proprietor. These businesses are sources of income for individuals and sources of economic growth in communities. In 2016, the child care industry was composed of about 675,000 market-based child care providers—most of which were family child care and home-based—that employed about 1.5 million workers.²³¹ With revenue of \$47.2 billion in 2016, the child care industry is comparable in size to outpatient medical care facilities, scientific research and development services, and advertising agencies.²³²

REGIONAL AND NATIONAL ECONOMIC GROWTH

As the child care industry has grown, it has come to play a significant role in regional and state economic productivity and growth. The estimated \$47.2 billion in direct revenue generated within the market-based child care industry is estimated to support about \$52.1 billion in spillover or related productivity in other industry sectors for an estimated combined total economic impact of about \$99.3 billion in the United States.²³³ Further, the regional impact of that spending is amplified because the production, delivery, and consumption of child care are entirely local. The outcomes include increased output in the broader economy, increased exports, reduced imports, increased competitiveness for industries intensive in the use of low-skilled labor, greater capital spending, and wage increases among high-skilled workers.

The Takeaway

To effectively compete in the 21st-century global economy, the United States must have a highly educated workforce—one that starts with high-quality, affordable child care options for working families. Child care helps create stronger and more prosperous communities and improves the well-being of children and families.

Endnotes

1. Committee for Economic Development, “Child Care in State Economies Fact Sheet, 2019 Update,” 2019. Available at: https://www.ced.org/assets/reports/childcareimpact/fact_sheets/revised/United%20States%20Fact%20Sheet%201312019.pdf.
2. The Annie E. Casey Foundation, “Children Under 6 with All Available Parents in the Labor Force in the United States,” Kids Count Data Center, 2017. Available at: <https://datacenter.kidscount.org/data/tables/5057-children-under-age-6-with-all-available-parents-in-the-labor-force?loc=1&loct=1#detailed/1/any/false/871,870,573,869,36,868,867,133,38,35/any/11472,11473>.
3. Sandra Bishop-Josef, Chris Beakey, Sara Watson, et al, Want to Grow the Economy? Fix the Child Care Crisis, Council for a Strong America, October 25, 2018. Available at: <https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>.
4. Committee for Economic Development, “Child Care in State Economies Fact Sheet, 2019 Update,” 2019. Available at: https://www.ced.org/assets/reports/childcareimpact/fact_sheets/revised/United%20States%20Fact%20Sheet%201312019.pdf.
5. Committee for Economic Development, “Child Care in State Economies Fact Sheet, 2019 Update,” 2019. Available at: https://www.ced.org/assets/reports/childcareimpact/fact_sheets/revised/United%20States%20Fact%20Sheet%201312019.pdf.
6. Ibid.
7. Ibid.