

\$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis

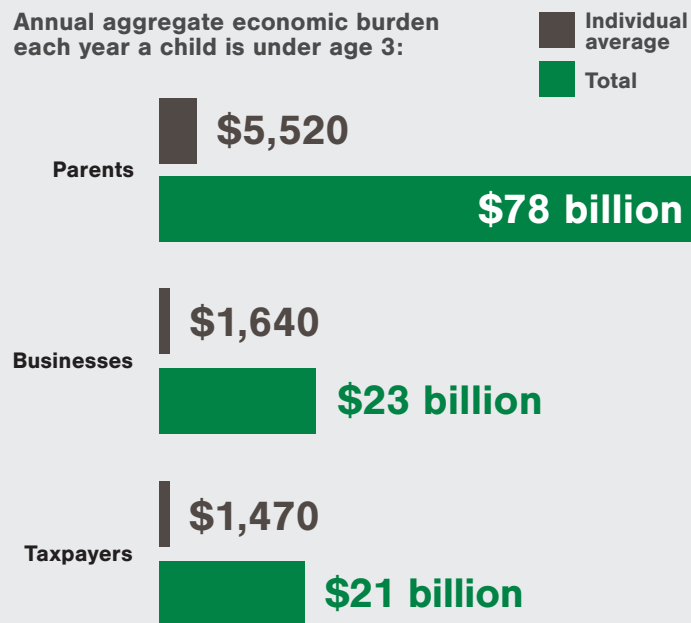
Impact on families, businesses, and taxpayers has more than doubled since 2018

ReadyNation’s updated study¹ finds that the nation’s infant-toddler child care crisis now costs \$122 billion in lost earnings, productivity, and revenue every year. This staggering economic toll impacts working parents, their employers, and the nation’s taxpayers. Our 2018 study found that the crisis was already severely damaging the pre-pandemic economy, exacting a cost of \$57 billion annually.² A combination of COVID-19 and insufficient policy action have now significantly worsened the crisis.

Productivity challenges affect both employers and employees. Almost two-thirds of parents of infants and toddlers facing child care struggles reported being late for work or leaving work early, and more than half reported being distracted at work or missing full days of work. An overwhelming 85 percent of primary caregivers said problems with child care hurt their efforts or time commitment at work. These challenges had predictable impacts: more than one quarter of caregivers said they’ve been reprimanded at work, and nearly one quarter have been fired. As a result, families lose \$78 billion per year in forgone earnings and job search expenses. Meanwhile, productivity problems cause employers to lose \$23 billion annually due to child care challenges faced by their workforce. Taxpayers, in turn, lose \$21 billion each year in lower federal and state/local tax revenue.

The economic impacts of insufficient child care on parents, employers, and taxpayers

Insufficient care for children under the age of 3 costs individuals, businesses, and the country billions of dollars each year.



Beyond its impact on the workforce and economy today, the infant-toddler child care crisis damages the future workforce by depriving children of nurturing, stimulating



environments that support healthy brain development while their parents work. Almost three-quarters of working parents reported that access to child care is a challenge. And more than half said it is a significant challenge to find child care that is either affordable or high quality.

As our data from the past four years shows, a failure to strengthen the country's fragile child care infrastructure will lead to more and more economic damage to employers, workers, and taxpayers. Federal and state policymakers must support evidence-based policies and programs that enhance the availability and affordability of high-quality child care. With wise investments, policymakers can improve life outcomes for millions of children today and strengthen the workforce and economy both now and in the years to come.

1 ReadyNation (2023). \$122 Billion: The growing, annual cost of the infant-toddler child care crisis [Report]. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>

2 ReadyNation (2019). Want to grow the economy? Fix the child care crisis. <https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>

3 Estimates were calculated by examining the proportion of the US Gross Domestic Product (GDP) each state represents. Due to the method of deriving the cost estimates (i.e., multiplying each state's percentage of the national GDP by the total national \$122B impact) the estimated costs for each state are relative to its GDP.

ReadyNation | Business. Kids. Workforce.

Business executives building a skilled workforce by promoting solutions that prepare children to succeed in education, work, and life

Council for a Strong America is a national, bipartisan nonprofit that unites membership organizations, including law enforcement leaders, retired admirals and generals, and business executives, that promote solutions ensuring that our next generation of Americans will be successful, productive members of society.

1025 Connecticut Avenue NW / Suite 1100 / Washington, DC 20036 / 202.464.7005



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Appendix

Estimated annual economic impact of the infant-and-toddler child care crisis³

| State | Economic Impact | State | Economic Impact |
|----------------------|-----------------|------------------|-----------------|
| Alabama | \$1.3B | Montana | \$317M |
| Alaska | \$305M | Nebraska | \$781M |
| Arizona | \$2.2B | Nevada | \$1.0B |
| Arkansas | \$793M | New Hampshire | \$500M |
| California | \$17B | New Jersey | \$3.6B |
| Colorado | \$2.3B | New Mexico | \$586M |
| Connecticut | \$1.5B | New York | \$9.8B |
| Delaware | \$415M | North Carolina | \$3.5B |
| District of Columbia | \$769M | North Dakota | \$354M |
| Florida | \$6.6B | Ohio | \$3.9B |
| Georgia | \$3.6B | Oklahoma | \$1.2B |
| Hawaii | \$476M | Oregon | \$1.4B |
| Idaho | \$525M | Pennsylvania | \$4.4B |
| Illinois | \$4.9B | Rhode Island | \$342M |
| Indiana | \$2.2B | South Carolina | \$1.4B |
| Iowa | \$1.1B | South Dakota | \$329M |
| Kansas | \$1.0B | Tennessee | \$2.3B |
| Kentucky | \$1.2B | Texas | \$11.4B |
| Louisiana | \$1.3B | Utah | \$1.2B |
| Maine | \$403M | Vermont | \$195M |
| Maryland | \$2.2B | Virginia | \$3.1B |
| Massachusetts | \$3.3B | Washington | \$3.5B |
| Michigan | \$3.0B | West Virginia | \$464M |
| Minnesota | \$2.1B | Wisconsin | \$1.9B |
| Mississippi | \$659M | Wyoming | \$232M |
| Missouri | \$1.9B | TOTAL, US | \$122B |