



MARCH 2022 | FACT SHEET

# Transformative Public Investments in Child Care and Pre-Kindergarten Will Dramatically Cut Costs for Families

## Transformative investments in child care and pre-kindergarten as a public good will reduce costs for families

- Research from Center for American Progress shows that in 32 states, the investments in child care and pre-kindergarten proposed in the Build Back Better Act would lower child care costs for the typical family by more than **\$5,200 a year** and investments in pre-K would save families an average of \$8,600 a year.
- For families earning under 75 percent of their State Median Income (SMI), child care would be free, and 9 in 10 families would pay no more than 7 percent of their income toward child care.

## Families are struggling to afford child care —if they can find child care at all.

- New [research from Child Care Aware of America](#) finds that in 2020, the average price of center-based child care for an infant exceeded the annual cost of in-state tuition at a public four-year university in every region of the country. In 3 out of 4 regions, the average price was more than what families pay for housing.
- Nationally, the average price of child care would take about **10 percent of the median household income** for married households with children under 18, and over one-third of the median income of single parents - this is well above the 7 percent of household income that the Department of Health and Human Services recommends.

## Even as parents struggle to afford child care, the cost is subsidized by the low wages of early educators:

- Even as care is unaffordable for families, early educators are some of the lowest paid professionals in the United States paid, **on average, \$13.51 an hour**. **Over half of providers rely on some form of public assistance**.
- Low wages for early educators are contributing to a child care shortage, with the industry still **12.4% below its pre-pandemic level**. A new Wells Fargo report estimates that this leaves **nearly half a million parents stranded without reliable care**, contributing to the nation's worker shortage.
- The Center for American Progress has developed a [cost of child care calculator](#) that estimates the real cost for providers meeting minimum licensing standards – these costs are often more than what parents are able to afford.

**The problem won't fix itself. The cost of child care has been rising faster than inflation for years - and will continue to rise steeply absent public investment.**

- Over the past 30 years, child care prices have risen more than [twice the rate of inflation](#) –faster than the [price of food, housing, and other items](#). The pandemic has accelerated these trends, with [child care inflation exceeding annual inflation in 2020 by nearly 4 percent](#).
- These rising prices squeeze families, crowd out other expenses, and [push parents - especially mothers - out of the labor force](#).
- Without Congressional action, prices would continue to rise—[by more than 14 percent by 2025 as compared to pre-pandemic prices](#).

**Child care is essential for families to work and for family incomes to rise.**

- Families with children under age 6 lost [\\$13 billion per year in income](#) during the pandemic due to child care disruptions
- In contrast, [research from National Women's Law Center](#) shows that expanding access to affordable, high-quality child care to everyone who needs it would increase the number of women with young children working full-time/full-year by about 17 percent, and by about 31 percent for women without any college degree. These investments would boost the lifetime earnings of a woman with two children by about \$94,000, which would lead to an increase of about \$20,000 in private savings. and an additional \$10,000 in Social Security benefits.
- Research from The Century Foundation show that these investments would also [reduce the 'motherhood earnings penalty' by one-third](#), from 15 percent of a mother's annual earnings to 10 percent, and result in a combined increase of \$24 billion in annual earnings among mothers with young children.

**In short, a robust national investment in affordable high-quality child care and universal pre-kindergarten will raise family incomes, dramatically reduce costs, and strengthen family economic security and our economy overall.**