

# Parents and the High Price of Child Care



2009 UPDATE

# Executive Summary

**Parents and the High Price of Child Care: 2009 Update** presents 2008 data on child care costs collected from a nationwide survey of State Child Care Resource and Referral Networks and local Child Care Resource and Referral agencies (CCR&Rs). This report provides an update with the most recent price data from a survey of State Child Care Resource and Referral Networks conducted in January 2009.

For millions of American families with young children, child care is part of their daily routine. Working parents rely on child care to work to support their families and, more importantly, to ensure that their children are well-cared for in safe environments. Quality child care - care that provides a safe, stable, developmentally appropriate and stimulating environment - both protects children and promotes their healthy development, which increases the likelihood that children enter school ready to succeed.

Although child care is a necessity, it's also very expensive. The high price of child care strains household budgets and forces parents to make many sacrifices - often in the quality of care their children receive. During this current recession, with more than 13 million Americans unemployed (as of March 2009)<sup>1</sup> and another 9 million working part-time because they cannot find full-time work, child care becomes even more difficult for parents to afford. Children of these parents may find themselves in informal, patch-work arrangements as their parents look for jobs, work part-time or work reduced hours at multiple jobs to make ends meet.

**Parents and the High Price of Child Care: 2009 Update** highlights the economic challenges working American families face in paying for child care and

offers recommendations states and the federal government should take to improve the affordability and quality of child care.

This report is an annual update, providing child care price data in the context of other common household expenses for 2008. While the main findings of the **2009 Update** remain consistent with previous reports, proving that the cost of child care in the U.S. is steadily increasing, this update found:

- ❖ **Child care is still expensive, and prices are still rising.** A family in the United States with one infant faced average prices in 2008 of \$4,560 to \$15,895 a year for center-based child care (compared to a range of \$4,542 to \$14,591 in 2007 reported in the 2008 Update). Parents of a 4-year old child encountered average prices of \$4,055 to \$11,680\* a year in child care fees in 2008 (compared to \$3,380 to \$10,787 in last year's report). In 37 states and the District of Columbia, care for an infant in a child care center exceeded 10 percent of the median income for a two-parent family; in 12 states, the price of care for a 4-year-old in a center also exceeded 10 percent of two-parent median income.
- ❖ **Child care prices are higher than other household expenses.** In every region of the United States, average child care fees for an infant were higher than the average amount that families spent on food. In every state, monthly child care fees for two children at any age exceeded the median rent cost, and were nearly as high as, or even higher than, the average monthly mortgage payment. In 39 states and the District of Columbia, the average annual price for child care for an infant in a child care center was higher than a year's tuition at a four-year public college.

<sup>1</sup> Source: U.S. Bureau of Labor Statistics, March 2009 Employment Situation. Available at: [www.bls.gov/new.release/pdf/empisit.pdf](http://www.bls.gov/new.release/pdf/empisit.pdf)

- ❖ **Parents of school-age children often pay just as much for part-time child care as parents of infants and 4-year-olds.** Parents often pay more than 10 percent of their income for the before and after school care of their school-age children. In Hawaii, the most expensive state for school-age care, parents, on average, pay \$10,720\* per year for the before and after school care of one school-age child.
- ❖ **Child care is particularly unaffordable for single parents.** The average annual price of care for two children (one infant and one 4-year-old child) ranged from 48 percent to 103 percent of the state median income for single parents. In 32 states, the average price of care for two children (one 4-year-old child and one infant) exceeded 60 percent of the median household income for single parents.
- ❖ **The price of child care is rising faster than inflation.** Overall, states reported increases in child care fees from 2007 to 2008. For infant and 4-year-old care in a center, states reported an overall average increase of 4.8 and 6.2 percent, respectively, in fees charged from 2007 to 2008, outstripping increases in the inflation rate of 3.8 percent for the same period (U.S. Bureau of Labor Statistics).
- ❖ **The price of child care is often dramatically higher in urban areas.** The price of care in urban areas was generally higher than the price of care in rural areas, with urban parents often paying \$1,600 more for an infant in a center, and \$1,100 more for a 4-year old in a center.
- ❖ **Quality child care is even more expensive.** Among the 35 states, which reported data, full-time accredited<sup>2</sup> care for an infant in a center ranged from \$4,560 to \$16,835 per year. Accredited care can cost over 30 percent more.

Child care is a major part of family life and a critical support for working parents, particularly for single working parents. Parents recognize that child care has a major influence on their children's lives and it is crucial that children are safe and child care settings promote their healthy development. Unfortunately, as the cost of child care continues to increase, and millions of Americans are unemployed, or their work hours are reduced, the price of child care presents an ever greater challenge for parents. Some parents have responded to the current economy by un-enrolling their children from organized child care programs or licensed settings. This means that more children may be in unregulated settings where providers have not had a background check or training in health and safety practices, such as first aid or CPR, let alone training in child development to ensure age-appropriate activities to promote the social, emotional, physical and cognitive development of children.

NACCRRA is concerned about a potential for an increase in use of unregulated child care because children may not be safe or being cared for by adults who want them. Research shows that brain development is the greatest during the early years of birth to age five. There could be a long-term impact in children's academic success and emotional security.

Particularly with the current economy, it is essential that the federal government and the states assist more families to afford the cost of quality child care so families do not have to resort to using unregulated care options. Working families earning low incomes have very few choices without assistance. But, many families are struggling with the high cost of child care, not just working poor families. It is time for the federal government to design a system to underwrite the cost of child care so that all families, and not just wealthy families, can afford the cost of quality child care.

\* Rounded to the nearest 5 or 0.

<sup>2</sup> Accreditation represents a mark of high quality in early childhood education. To achieve accreditation, early childhood programs are assessed on an array of quality standards and criteria by a nationally-recognized accrediting body. State licensing standards vary greatly, but in general are much lower than accreditation standards.

# Conclusion

The high price of child care forces parents to make difficult decisions. Parents want quality child care for their children. They know the importance of safe, stable, stimulating environments to support their children's development. Yet many parents cannot afford the price tag of child care. Especially during the current recession, with more than 12 million Americans unemployed and another 9 million working part-time because they cannot find full-time work, child care becomes even more difficult for parents to afford. While family child care homes are more affordable than center care, many of these providers are not licensed, which means the quality of care is unknown. Quality care comes at a price and many parents have to compromise on quality in order to make ends meet.

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***Parents and the High Price of Child Care: 2009 Update*** highlights the economic challenges working American families face in paying for child care and offers recommendations for states and the federal government to improve the affordability and quality of child care. In principle, this update recommends what NACCRRA highlighted in the original 2006 report. ***Parents and the High Price of Child Care: 2009 Update*** illustrates that prices will continue to rise and as a result, parents will have fewer choices among affordable, quality care.

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Particularly with the current economy, it is essential that the federal government and the states assist more families with affording the cost of quality child care so more families do not have to resort to using unregulated care options. Working families earning low incomes have very few choices without assistance. But, many families are struggling with the high cost of child care, not just working poor families. It is time for the federal government to design a system to underwrite the cost of child care so that all families, and not just wealthy families, can afford the cost of quality child care.

There are several initiatives states and the federal government can undertake to help make child care more affordable for working parents.

NACCRRRA has proposed leveraging a mixture of public and private investment to raise the bar of quality child care for all children and increase fee assistance to families who need it most. These recommendations include:

- ❖ Increasing federal and state investments in child care fee assistance and quality improvement efforts.
- ❖ Providing resources for planning and developing child care capacity to increase the availability of child care options for working families.
- ❖ Reducing barriers in the subsidy administration process that prevent families from accessing assistance, such as making the re-certification process less time-consuming and cumbersome for working families using technology and other strategies.

- ❖ Ensuring that public pre-kindergarten programs and Head Start are designed to meet the child care needs of working families by offering full day, year-round services.
- ❖ Designing a system to help underwrite the cost of child care so that all families, not just wealthy families, can afford the cost of quality child care.
- ❖ Improving federal and state tax codes to help families at all income levels pay for care.
- ❖ Requiring the Department of Health and Human Services in conjunction with with the National Academy of Sciences to determine the cost of quality child care and report back to Congress.

When it comes to child care, families should no longer have to sacrifice quality for affordability. High-quality child care should be accessible and available for all children.