

News Release

For Immediate Release: January 31, 2019

New Report: Child Care's Economic Impact Exceeds \$99 Billion in the U.S.

Washington, D.C., January 31, 2019— Child care is vital to many parents because it enables them to participate in the workforce or pursue education or training. Less well known is how the child care industry serves as an integral part of state and local economic growth and development. [In a new report](#), the Committee for Economic Development, in partnership with RegionTrack, Inc. and the Alliance for Early Success, provides an analysis of the economic impact of the child care industry throughout the country and in each state. Through both direct and spillover (related) economic activity, the child care industry had a total economic impact of \$99.3 billion in 2016.

[Child Care in State Economies: 2019 Update](#) examines the role of the industry from the traditional labor force view of child care as a means for parents to work and child care's potential in that role to support economic growth and development. In addition, extensive data is presented regarding the paid child care industry in state economies, including usage rates, the role of public funding, revenues, and business structure (e.g., child care centers and home-based child care). The report shows direct output (revenue) within the industry as well as spillover economic activity generated from the operation of child care programs.

The report addresses four broad questions regarding the role market-based child care plays in state economies:

1. How is organized (or market-based) child care used by working families in the U.S.?
2. What are the key factors driving the use of organized child care in the U.S.?
3. What is the size and structure of the U.S. child care industry?
4. What role can child care play in regional economic growth?

Key findings from the report regarding child care usage and the child care industry's role in regional economic growth include:

- In 2016, 675,000 child care businesses in the U.S., which are mostly small businesses, produced revenue totaling \$47.2 billion and generated an additional \$52.1 billion in "spillover" (related economic activity or output) in other industries for a total economic impact of \$99.3 billion.
- The \$24.1 billion in employee compensation and home-based providers' earnings generated directly within the child care industry is estimated to support about \$15.7 billion in additional earnings across the states for a total earnings impact of \$39.85 billion.
- 1,524,753 home-based providers and center employees in the child care sector are estimated to support about 507,089 workers in other industries for a total jobs impact of 2,031,843.
- The labor force participation rate of mothers with children under age 6 has steadily increased between 2005 and 2017 to 65.1%.
- More than half (58.7 percent) of the nation's preschoolers under age 5 participate in a regular, weekly care arrangement with a nonparental provider.
- The use of regular nonparental child care for preschoolers is highest among two-parent families with both parents working full time (88.4 percent) and single-parent families working 35 hours or more per week (83.5 percent).
- Center-based infant care exceeds the cost of college tuition in 28 states and the District of Columbia. Center-based infant care costs are 12.2 percent of median household income in Mississippi and Alabama, and exceed 20 percent of median income in 21 states and the District of Columbia.



You can read and download the full report, executive summary, and infographic [here](#), along with individualized state fact sheets, talking points, and infographics.

About the Committee for Economic Development:

Founded in 1942, the Committee for Economic Development (CED), an affiliate of The Conference Board, is a nonprofit, nonpartisan, business-led public policy organization that delivers well-researched analysis and reasoned solutions to our nation's most critical issues. CED's work is grounded on seven core principles: sustainable capitalism, long-term economic growth, efficient fiscal and regulatory policy, competitive and open markets, a globally competitive workforce, equal economic opportunity, and nonpartisanship in the nation's interest. Learn more at <http://www.ced.org/>

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