



FACT SHEET

State Examples of the Hidden Cost of a Failing Child Care System

By Jessica Troe, Alex Rowell, Michael Madowitz, and Katie Hamm June 2016

The current child care system is failing families. Sixty-five percent of children have all available parents in the workforce,¹ making access to child care an economic necessity. Yet the annual cost for two children in center-based care reaches nearly \$18,000.² Many families are left to choose between putting a large percentage of their income toward child care, finding cheaper—and potentially unlicensed and unregulated—care, or leaving the workforce to be a full-time caregiver. The high cost of child care is well-documented. However, the cost born by parents who leave the workforce is less understood. The Center for American Progress developed a tool to highlight how families are affected economically when a parent leaves the workforce to become a full-time caregiver. When parents leave the workforce, they often assume that they are losing their annual wage. The reality is that when lost wage growth and lost retirement assets are taken into account, time out of the workforce costs much more than just an annual wage.

This calculator shows total financial impact, including lost retirement assets and benefits, lost wage growth, and lost wages for the years that someone spends out of the workforce.³

The tables below show how much income a typical worker who takes time out of the workforce for five years might lose. The tables also include the average cost of center-based care for two kids as a percentage of the median income in each state to illustrate the difficult choice that families face. Families forced to leave the workforce often end up paying much more than the annual cost of child care in the long run. Without resources to pay for child care at the beginning of their careers, however, parents have few options.

It is worth noting that in reality, most families are not paying upward of 80 percent of their income on child care but instead are choosing cheaper, potentially unregulated care. With no good options available, it is easy to see why some parents feel forced out of the workforce. However, these results demonstrate that leaving the workforce to be a full-time caregiver can have equally, if not more, significant economic impacts on families in the long term.

TABLE 1A
The hidden cost of a failing child care system

State examples for men

State	Median earnings for full-time, year-round workers ages 21 to 31	Average annual cost of center-based care for two children as a percentage of median income	Total income loss from leaving the workforce for five years	Total potential income	Reduction in lifetime income
AK	\$39,329	47%	\$703,798	\$3,180,711	22%
AL	\$30,253	35%	\$541,382	\$2,478,610	22%
AR	\$30,253	36%	\$541,382	\$2,478,610	22%
AZ	\$30,253	56%	\$541,382	\$2,478,610	22%
CA	\$32,270	62%	\$577,476	\$2,634,641	22%
CO	\$35,295	65%	\$631,609	\$2,868,649	22%
CT	\$40,337	63%	\$721,837	\$3,258,688	22%
DC	\$50,421	80%	\$902,291	\$4,038,766	22%
DE	\$35,295	55%	\$631,609	\$2,868,649	22%
FL	\$28,236	58%	\$505,287	\$2,322,579	22%
GA	\$30,253	47%	\$541,382	\$2,478,610	22%
HI	\$36,303	48%	\$649,648	\$2,946,626	22%
IA	\$37,312	47%	\$667,704	\$3,024,680	22%
ID	\$29,244	48%	\$523,326	\$2,400,556	22%
IL	\$35,295	64%	\$631,609	\$2,868,649	22%
IN	\$33,278	47%	\$595,515	\$2,712,618	22%
KS	\$32,270	59%	\$577,476	\$2,634,641	22%
KY	\$30,253	39%	\$541,382	\$2,478,610	22%
LA	\$35,295	30%	\$631,609	\$2,868,649	22%
MA	\$42,354	70%	\$757,931	\$3,414,719	22%
MD	\$38,320	60%	\$685,742	\$3,102,657	22%
ME	\$32,270	51%	\$577,476	\$2,634,641	22%
MI	\$32,270	52%	\$577,476	\$2,634,641	22%
MN	\$37,816	67%	\$676,723	\$3,063,668	22%
MO	\$33,278	54%	\$595,515	\$2,712,618	22%
MS	\$30,253	29%	\$541,382	\$2,478,610	22%
MT	\$31,261	54%	\$559,420	\$2,556,587	22%
NC	\$30,253	56%	\$541,382	\$2,478,610	22%
ND	\$35,396	44%	\$633,417	\$2,876,462	22%
NE	\$34,286	43%	\$613,553	\$2,790,595	22%
NH	\$36,303	59%	\$649,648	\$2,946,626	22%
NJ	\$37,312	56%	\$667,704	\$3,024,680	22%
NM	\$27,732	54%	\$496,268	\$2,283,590	22%

State	Median earnings for full-time, year-round workers ages 21 to 31	Average annual cost of center-based care for two children as a percentage of median income	Total income loss from leaving the workforce for five years	Total potential income	Reduction in lifetime income
NV	\$33,480	54%	\$599,130	\$2,728,244	22%
NY	\$36,303	71%	\$649,648	\$2,946,626	22%
OH	\$34,286	48%	\$613,553	\$2,790,595	22%
OK	\$31,463	38%	\$563,035	\$2,572,213	22%
OR	\$31,059	65%	\$555,805	\$2,540,960	22%
PA	\$35,295	53%	\$631,609	\$2,868,649	22%
RI	\$32,774	70%	\$586,496	\$2,673,629	22%
SC	\$28,740	39%	\$514,307	\$2,361,567	22%
SD	\$34,286	31%	\$613,553	\$2,790,595	22%
TN	\$29,345	35%	\$525,133	\$2,408,369	22%
TX	\$32,169	48%	\$575,669	\$2,626,828	22%
UT	\$32,270	47%	\$577,476	\$2,634,641	22%
VA	\$38,320	48%	\$685,742	\$3,102,657	22%
VT	\$32,270	66%	\$577,476	\$2,634,641	22%
WA	\$36,303	61%	\$649,648	\$2,946,626	22%
WI	\$35,295	60%	\$631,609	\$2,868,649	22%
WV	\$31,261	44%	\$559,420	\$2,556,587	22%
WY	\$36,908	34%	\$660,474	\$2,993,427	22%
National	\$33,278	54%	\$595,515	\$2,712,618	22%

Note: For the purposes of this exercise, we assume that the individual entered the workforce at age 21 and will leave the workforce for five years beginning at age 26.

Source: CAP analysis is based on state-by-state median income for men and women from ages 21 to 31 from the 2014 Center for Economic and Policy Research American Community Survey Uniform Data Extracts. See ceprDATA, "ACS Uniform Data Extracts," available at <http://ceprdata.org/acs-uniform-data-extracts/> (last accessed May 2016). Analysis uses National Longitudinal Survey of Youth 1979 cohort data from 1979 to 2012. See NLS Investigator, "National Longitudinal Survey of Youth 1979," available at <https://www.nlsinfo.org/investigator/> (last accessed March 2016).

TABLE 1B
The hidden cost of a failing child care system

State examples for women

State	Median earnings for full-time, year-round workers ages 21 to 31	Average annual cost of center-based care for two children as a percentage of median income	Total income loss from leaving the workforce for five years	Total potential income	Reduction in lifetime income
AK	\$32,270	58%	\$497,677	\$2,630,351	19%
AL	\$25,211	42%	\$388,811	\$2,085,219	19%
AR	\$24,202	45%	\$373,250	\$2,007,299	19%
AZ	\$30,253	56%	\$466,571	\$2,474,588	19%
CA	\$32,270	62%	\$497,677	\$2,630,351	19%
CO	\$32,270	71%	\$497,677	\$2,630,351	19%

State	Median earnings for full-time, year-round workers ages 21 to 31	Average annual cost of center-based care for two children as a percentage of median income	Total income loss from leaving the workforce for five years	Total potential income	Reduction in lifetime income
CT	\$36,303	70%	\$559,875	\$2,941,800	19%
DC	\$52,438	77%	\$808,714	\$4,187,826	19%
DE	\$30,555	63%	\$471,228	\$2,497,910	19%
FL	\$27,227	60%	\$419,903	\$2,240,905	19%
GA	\$29,244	48%	\$451,009	\$2,396,668	19%
HI	\$32,270	55%	\$497,677	\$2,630,351	19%
IA	\$30,253	59%	\$466,571	\$2,474,588	19%
ID	\$23,194	61%	\$357,705	\$1,929,457	19%
IL	\$31,967	70%	\$493,004	\$2,606,952	19%
IN	\$28,236	56%	\$435,464	\$2,318,825	19%
KS	\$27,227	70%	\$419,903	\$2,240,905	19%
KY	\$26,219	45%	\$404,357	\$2,163,062	19%
LA	\$26,219	41%	\$404,357	\$2,163,062	19%
MA	\$38,320	78%	\$590,982	\$3,097,563	19%
MD	\$36,303	63%	\$559,875	\$2,941,800	19%
ME	\$30,253	54%	\$466,571	\$2,474,588	19%
MI	\$27,227	61%	\$419,903	\$2,240,905	19%
MN	\$33,278	77%	\$513,223	\$2,708,194	19%
MO	\$28,236	64%	\$435,464	\$2,318,825	19%
MS	\$26,219	34%	\$404,357	\$2,163,062	19%
MT	\$25,211	67%	\$388,811	\$2,085,219	19%
NE	\$28,236	60%	\$435,464	\$2,318,825	19%
NV	\$29,244	54%	\$451,009	\$2,396,668	19%
NH	\$28,236	52%	\$435,464	\$2,318,825	19%
NJ	\$30,253	70%	\$466,571	\$2,474,588	19%
NM	\$35,295	60%	\$544,330	\$2,863,957	19%
NY	\$27,227	55%	\$419,903	\$2,240,905	19%
NC	\$30,253	59%	\$466,571	\$2,474,588	19%
ND	\$36,303	71%	\$559,875	\$2,941,800	19%
OH	\$30,253	54%	\$466,571	\$2,474,588	19%
OK	\$26,219	45%	\$404,357	\$2,163,062	19%
OR	\$30,253	66%	\$466,571	\$2,474,588	19%
PA	\$30,253	62%	\$466,571	\$2,474,588	19%
RI	\$31,765	72%	\$489,889	\$2,591,352	19%
SC	\$26,219	42%	\$404,357	\$2,163,062	19%
SD	\$26,219	40%	\$404,357	\$2,163,062	19%

State	Median earnings for full-time, year-round workers ages 21 to 31	Average annual cost of center-based care for two children as a percentage of median income	Total income loss from leaving the workforce for five years	Total potential income	Reduction in lifetime income
TN	\$27,227	38%	\$419,903	\$2,240,905	19%
TX	\$29,244	53%	\$451,009	\$2,396,668	19%
UT	\$28,236	54%	\$435,464	\$2,318,825	19%
VT	\$34,286	54%	\$528,769	\$2,786,037	19%
VA	\$31,765	67%	\$489,889	\$2,591,352	19%
WA	\$32,270	69%	\$497,677	\$2,630,351	19%
WV	\$28,236	75%	\$435,464	\$2,318,825	19%
WI	\$24,202	57%	\$373,250	\$2,007,299	19%
WY	\$30,253	41%	\$466,571	\$2,474,588	19%
National	\$30,253	59%	\$466,571	\$2,474,588	19%

Note: For the purposes of this exercise, we assume that the individual entered the workforce at age 21 and will leave the workforce for five years beginning at age 26.

Source: CAP analysis is based on state-by-state median income for men and women from ages 21 to 31 from the 2014 Center for Economic and Policy Research American Community Survey Uniform Data Extracts. See ceprDATA, "ACS Uniform Data Extracts," available at <http://ceprdata.org/acs-uniform-data-extracts/> (last accessed May 2016). Analysis uses National Longitudinal Survey of Youth 1979 cohort data from 1979 to 2012. See NLS Investigator, "National Longitudinal Survey of Youth 1979," available at <https://www.nlsinfo.org/investigator/> (last accessed March 2016).

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Endnotes

1 Bureau of the Census American FactFinder, "Table GCT2302: Percent of Children Under 6 Years Old with All Parents in the Labor Force - United States -- States; and Puerto Rico, Universe: Own children under 6 years in families and subfamilies, 2010-2014 American Community Survey 5-Year Estimates," available at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_5YR_GCT2302.US01PR&prodType=table (last accessed April 2016).

2 CAP analysis based on data from Child Care Aware of America, "Parents and the High Cost of Child Care: 2015 Report" (2015), available at <http://usa.childcareaware.org/wp-content/uploads/2016/03/Parents-and-the-High-Cost-of-Child-Care-2015-FINAL.pdf>.

3 For more information, see <http://interactives.americanprogress.org/childcarecosts/>.