

Saving the Child Care Industry

Child care is the backbone of the U.S. economy

Child care is an essential service, both now and in a fully functioning economy, with **6.4 million children** – 59% of children under 5 - in a regular care arrangement with a nonparent provider.¹ The industry contributes approximately **\$100 billion** to our economy and employs more than **1.5 million people**. And, crucially, high-quality programs provide children with the basic skills and educational opportunities to enter kindergarten **ready to learn**.

Coronavirus is a serious threat to the child care industry

The majority of child care centers are **closed** as a result of the coronavirus pandemic. Those that have stayed open – largely to serve the children of essential workers – face **significant financial burdens** as a result of the lower enrollment and higher operating costs.

Experts estimate that if child care providers do not receive adequate support, **around 4.5 million child care slots could disappear**, accounting for roughly half of all licensed child care slots.² Mass closures of child care centers following the COVID-19 pandemic would be **devastating to working families and to their employers**. Even prior the pandemic, issues with child care cost the economy **\$57 billion a year** due to lost earnings, productivity, and revenue.³ This includes nearly 1 in 10 parents having to quit or greatly change their job due to a lack of child care each year.

Congress can save the child care industry

The CARES Act included \$3.5 billion in additional funding for the Child Care Development Block Grant (CCDBG) program, \$750 million funding for Head Start, and access to the small business loan program for some child care providers. Given the crisis facing the industry, **more investment is urgently needed**.

To avoid an industry collapse, we need **ongoing support for child care for essential workers**, and a **child care stabilization fund** that would:

1. Ensure the **child care market survives** the period of closure and slow economic recovery, with grants to providers that cover fixed costs, so that there are enough child care slots to support the need when parents return to work.
2. Make sure that **child care providers are able to reopen** when it is safe to do so, including professional development and compensation for early child childhood educators, funds for the necessary deep cleanings and restock of inventory before reopening, and the supplies needed to ensure appropriate health and safety practices going forward.
3. Guarantee these investments – as well as the CCDBG program and SBA's Paycheck Protection Program - can be accessed by **all types of child care providers**, including, but not limited to, small-, medium-, and large-scale centers, and family child care.

Research from groups like the American Enterprise Institute show that **at least \$25 billion in dedicated funding for the child care industry will be necessary to ensure the industry's survival**.⁴

Save the Children Action Network

Save the Children Action Network (SCAN) was created in 2014 as the political advocacy arm of Save the Children, to be the political voice for kids. We work to ensure that the issues critical to children's lives and futures are given top priority by our elected leaders, building bipartisan support to make sure every child has a strong start in life.

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¹ <https://www.ced.org/assets/reports/childcareimpact/181104%20CCSE%20Report%20Jan30.pdf>

² <https://www.americanprogress.org/issues/early-childhood/news/2020/04/24/483817/coronavirus-pandemic-lead-permanent-loss-nearly-4-5-million-child-care-slots/>

³ <https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>

⁴ <https://www.aei.org/op-eds/we-need-bold-action-on-child-care/>