

# Universal child care could boost women's lifetime earnings by \$130 billion—and ensure more stable retirement options <sup>[1]</sup>

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## AVAILABILITY

Access online <sup>[2]</sup>

## EXCERPTS

Since last February, over 2.3 million women have dropped out of the workforce, compared to just 1.8 million men who left the labor force between February 2020 and 2021, according to data compiled by the National Women's Law Center. And many of those women are still unemployed because they are caring for children who are not in school or daycare.

New research from Columbia University and the National Women's Law Center finds that a universal child-care system — one that provides affordable, reliable child care from birth to age 13 — would not only help many of those out-of-work employees get back into the workforce, but would also dramatically increase the lifetime earnings and security of women across the country.

An average woman with two children could see a \$97,000 increase in her lifetime earnings under universal child care, according to the report. Collectively, about 1.3 million women in the U.S. could experience about a \$130 billion boost in income over their lifetimes.

Overall, the number of women working full-time would increase by 17% if the U.S. expanded access to stable and consistent child care. The number of women working without a college degree would jump by about 31%.

"When there's an increased investment in child care, there's a measured increase in women's labor force participation," says Melissa Boteach, vice president of income security and child care/early learning at the National Women's Law Center. The highest gains can be seen for women in their 30s and 40s, since those are the decades when women are most likely to raise children, she adds.

This increase in workforce participation and lifetime earnings could also lead to a significant impact on women's retirement situations, the report finds. Women would have an additional \$20,000 in private savings on average and about \$10,000 more in Social Security benefits. That adds up to about \$160 per month in additional funding in retirement, the report finds.

Those extra earnings could especially help improve the financial situations of older women, who are more likely to experience poverty later in life than men. "Senior women have significantly higher poverty rates than senior men because of all the discrimination and all of the financial challenges that compound over their lives [and] stick with them in retirement," Boteach adds.

But child-care reform could reduce poverty among senior women by about 21%, the report finds.

The report's projections are based on a model of universal child care that provides stable and consistent care to children from birth to age 13. Under the model, child-care costs would not exceed 7% of a family's annual income and child-care workers would earn a livable wage rather than the pre-pandemic average of \$11.65 an hour.

These policies would dramatically impact low-income women and women of color. Currently, women who earn lower incomes typically spend about a third of their take-home pay on child care, Boteach says. That can affect a family's choices around whether one or both parents work. If a parent needs to stay at home or reduce their hours to care for children, it's generally going to be the woman, she explains.

When talking about economic solutions that will improve the workforce and reduce poverty, child care is probably not top of mind, Boteach says. But the findings show that child care is an economic driver that can be used to improve financial stability throughout women's lives.

"If we start with this generation of women and start investing in their ability to be breadwinners and caregivers, then you will see the fruit of that 30 years from now," Boteach says.

**Related link:** [A lifetime's worth of benefits](#) <sup>[3]</sup>

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