

The high cost of unaffordable child care: Impacts on the District of Columbia's families, businesses and taxpayers ^[1]

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Executive Summary

Good quality, accessible, and affordable child care is an essential element of a thriving District of Columbia for businesses and working parents, as well as young children starting on their path to success in school and in life. A strong early childhood education sector is a key part of the infrastructure needed to attract families to live in DC. Yet parents struggle to find—and afford—quality care, impacting their employers, children, and their own career trajectories. This report quantifies the impact of child care challenges on the District's businesses, families, and economy. This study reports the results of a survey of District parents about workplace challenges caused by the lack of child care for their children under age three. A diverse array of parents reported damaging impacts on their productivity, negative actions by employers, and an inability to advance in their careers. Below are just a few impacts on parents since their child(ren)'s birth or adoption:

- 52% had to reduce their regular work hours
- 46% had to turn down an opportunity to pursue further education or training
- 36% had to turn down a job promotion or desirable reassignment
- 28% had to quit a job
- 21% were demoted or transferred to a less desirable position
- 21% were let go or fired

These problems are generating huge costs for the District. For example, lower employment means lower incomes for families, productivity for businesses, and tax revenues for the District. The table below shows the annual costs per parent of children under age three, cumulative costs across birth to age eight, and the aggregate costs across all DC parents of children under three.

	Annual	From birth - age 8	Aggregated across DC parents
Parents	\$8,100	\$33,340	\$252 million
Business	\$2,540	\$7,230	\$79 million
Taxpayers	\$2,070	\$8,760	\$64 million

These figures are likely to be an undercount, as they do not take into account many other costs, such as the impacts on children of unstable, inaccessible, or lower quality care that does not support their optimal development; or of un- or under-employed parents' need to access support services such as rental assistance; or of parents' possible lower spending on work-related items such as WMATA.

The survey also found that more than half of respondents (57%) said the cost of early education would affect their ability to continue to live in Washington, DC. Another finding is that an overwhelming 94% of respondents supported the idea that all—or at least low- and middle-income families—should spend no more than 7% of their income on child care.

DC has enacted several pieces of legislation that are building the foundations of a quality early education system. These include Pre-K for All in 2008, the Birth-to-Three For All DC Act of 2018 (which raises wages for educators and limits how much families have to pay for early childhood education based on income), and recent changes to strengthen educational credentials for early educators and provide benefits such as health insurance. Now the challenge is fully and permanently funding these essential elements, along with improvements to the programs to make them work better, such as ensuring that child care program directors are paid commensurate with their responsibilities.

This report documents the tangible costs of inadequate early childhood education for residents and businesses across the District of Columbia, in every sector of society and in every ward. Spurred by this data, we can lead the nation in creating a system of early education that supports working parents and their employers, and puts children on a path to lifetime success.

“Employers are increasingly facing the reality that unstable and scarce child care options are a major cause of employee absences and productivity losses. It’s time for the business community to add early education/child care to its list of priorities for public officials to address. Jurisdictions that have the right answers for early education challenges will have a leg up in attracting and maintaining businesses.” -Gregory McCarthy, Senior Vice President, Community & Government Engagement, Washington Nationals

Related link: New study shows lack of high-quality child care costs DC businesses nearly \$80 million per year [4]

What’s behind the US’s worsening child care crisis? [5]

Wage supplements improve early educators’ financial well-being [6]

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