

This family makes 'really good money' — and spends \$70,000 of it on child care ^[1]

'We are perhaps reaching a point where this is unsustainable,' economist says

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AVAILABILITY

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Excerpts

Paige Connell spends almost \$70,000 per year on child care for her four children, which includes full-time daycare for her 2-year-old and 4-year-old, as well as after-school programs, summer camp and day camps during school holidays for her 6-year-old and 7-year-old, who attend public school.

"We make really good money relative to the median income in our country, and even with that, it's still difficult because of how expensive it all is," Connell, a 34-year-old operations manager for a retail company in Massachusetts, told MarketWatch. The family's child-care expenses are equal to about 30% of their household income.

The U.S. fertility rate fell to a record low in 2023, and the cost of having children is among the factors behind that trend. Raising children in the U.S. has become financially difficult for virtually all households, even some high-income families like Connell's.

In fact, families who pay for child care now spend an average of 18.6% of their income on this service, according to a new study by LendingTree. That's steep: The federal government considers child care affordable if families spend no more than 7% of their income on it. Center-based care for one child costs an average of \$1,218 per month, approaching the \$1,566 average rent for a two-bedroom unit. Parents with two children are paying more for child care than the cost of rent in 91 of the country's 100 largest metropolitan areas, the researchers found.

Child-care costs have been rising about twice as fast as consumer prices overall, even as inflation has cooled. "If you've ever complained about the housing market, or the cost of eggs, or anything like that, child care is worse. Child care has gone up more than all of those things," Connell said in a video on TikTok, where she often discusses issues affecting American families.

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More families are choosing to have one child, and the fertility rate — which since 1971 has generally been too low for the population to replace itself — has consistently been below the replacement rate since 2007, according to the Census Bureau.

"I think finances, specifically the cost of child care and the lack of paid leave, are the two biggest factors why people I talk to are choosing not to have children, or limiting the number of children they have," Connell said.

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