Child Care in State Economies

2024 Update

A THREE-PART REPORT SERIES

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Part 3: Child Care and Regional Economic Growth

CED

W.K. KELLOGG FOUNDATION

REGIONTRACK
Regional Economic Forecasting and Analysis

This report was produced by RegionTrack, Inc., an economic research firm, and commissioned by Committee for Economic Development, the public policy center of The Conference Board (CED) with funding from the W.K. Kellogg Foundation. It provides a broad overview of the child care industry from the perspective of allowing parents to participate in the labor force (or to further education and training), and as an industry that employs workers and is an integral part of state economies.

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Child Care and Regional Economic Growth

This report is the third and final installment in CED's Child Care in State Economies (2024) series exploring the state of the organized market for paid child care services in the aftermath of the COVID-19 pandemic. The first report in the series examined changes in the demand for paid child care services by working families. The child care market experienced a steep drop in the use of paid care amid massive layoffs in the early stages of the pandemic. The sector has since experienced steady recovery, but the rebound in paid care usage remains well below pre-COVID levels and lags behind the overall economic recovery. There are also widely differing outcomes in the recovery of paid child care usage across the states.

The second report focused on the supply side of the paid child care market, detailing how providers responded to a sharp drop in revenue and the uncertainty surrounding future demand. The decrease in demand resulted in a marked downturn in business for many child care providers, despite significant federal and state emergency financial assistance. Child care facilities made operational adjustments, including workforce reductions, to align with the diminished demand for services. Annual revenue in the child care sector has since rebounded to a record $68.5 billion in 2022; however, it remains unclear how much of the growth in revenue was supported by federal and state government recovery assistance.

This third report evaluates three broader roles played by the organized child care sector: First, child care remains a large and productive component of the U.S. economy. The child care sector's $68.5 billion in direct revenue produced substantial economic spillover effects in most sectors of the broader economy. The industry's estimated contribution to total U.S. economic output reached $152 billion in 2022.

Second, child care continues to play an important role in workforce development policy in the U.S. Organized child care is a critical enabler of workforce participation, allowing parents, particularly mothers, to engage more fully in the labor market. The use of paid child care remains closely associated with labor force participation rates across the states.

The third role is child care as a source of regional economic growth. Access to child care allows both greater labor force involvement and increased private sector activity. Paid child care and added labor force participation work jointly to support income growth in a region.

The remainder of this report delves deeper into these themes, providing a comprehensive analysis of the economic contributions of the child care sector and its implications for regional development and public policy.

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Economic Contribution of the Organized Child Care Sector:

- Through both direct and spillover effects, the child care sector supported a total economic impact of $152 billion in output, $57 billion in household earnings, and 2.2 million jobs in 2022.
- The U.S. child care industry generated $68.5 billion in revenue in 2022.
- In 2022, over 1.5 million proprietors and wage and salary workers were employed directly by the child care sector. These workers collectively earned $32.7 billion in total earnings (including wage, salary, and self-employment income).
- The industry also generated $24.1 billion in purchases of goods and services, further supporting economic activity across most major industry sectors.

Child Care and Workforce Participation:

- Access to affordable child care remains crucial for workforce participation, particularly for mothers with younger children. In 2022, about 12.2% of young children lived in a household where a parent faced a significant job disruption due to child care issues, emphasizing the ongoing need for accessible and affordable child care options.
- Child care enables higher labor force participation rates, which are associated with lower poverty rates and higher median household incomes. In states with higher labor force participation rates, the poverty rate is typically lower, highlighting the importance of child care in improving economic outcomes for low-income and low-skilled workers.
- There is a strong tendency for states with the highest labor force participation rates to have the highest cost of living-adjusted median household incomes. Residents living in the highest-participation rate states tend to earn on average $30,000 more in annual household income than the lowest-participation states after adjusting for differences in cost of living.
- States with higher labor force participation and educational attainment also tend to have a higher share of children in paid child care, further reinforcing the link between child care accessibility and economic prosperity.

Access to affordable child care remains crucial for workforce participation.

Increased Labor Force Participation Spurs Regional Economic Growth:

- Increased labor force attachment directly increases total employment, household earnings, and total economic output in a region as child care enables new workers to enter the labor force and existing workers to work more hours.
- Business activity also increases in the market-based child care industry as a portion of parents entering the labor force choose to use organized child care services.
- In 2022, the greatest economic contribution from the child care sector was in the large states of California, Texas, and Illinois, where the combination of greater populations and higher demand for child care services drove significant economic activity.

Implications for Child Care Policymakers:

- The findings suggest the potential for significant increases in income in states with low labor force participation rates, low educational attainment, and high poverty rates.
- Child care is a critical component of any effort to use increased labor force participation and educational attainment to boost economic growth.
- Empirical research suggests that significant income gains are associated with increased labor force participation, particularly for mothers of young children.
- The economic benefits of child care extend beyond individual households to the broader economy. Enabling more parents, especially mothers, to participate in the workforce supports overall economic growth and helps reduce poverty rates.
- The U.S. child care system is increasingly recognized as essential economic infrastructure, vital to both supporting the workforce and driving regional and national economic development.

Gross Economic Contribution

This initial section of the report examines the gross economic contribution of the U.S. child care sector. Child care is a large and productive component of the national economy and has a strong economic interdependence with the broader economy in all states.

Figure 1. Composition of Child Care Industry Output (2022)

NAICS Code	Industry Sector	Purchases (millions)	Share of Industry Output
11	Agriculture, Forestry, Fishing and Hunting	$0	0.0%
21	Mining, Quarrying, and Oil and Gas Extraction	68	0.1
22	Utilities	649	1.2
23	Construction	281	0.5
31-33	Manufacturing	5,964	11.2
42	Wholesale trade	1,032	1.9
44-45	Retail Trade	2	0.0
48-49	Transportation and Warehousing	500	0.9
51	Information	551	1.0
52	Finance and Insurance	786	1.5
53	Real Estate and Rental and Leasing	9,386	17.7
54	Professional, Scientific, and Technical Services	1,588	3.0
55	Management of Companies and Enterprises	1,313	2.5
56	Administrative and Support & Waste Management Serv.	802	1.5
61	Educational Services	0	0.0
62	Health Care and Social Assistance	0	0.0
71	Arts, Entertainment, and Recreation	166	0.3
72	Accommodation and Food Services	665	1.3
81	Other Services (except Public Administration)	197	0.4
	Federal Government and Enterprises	10	0.0
	State and Local Government and Enterprises	188	0.4
	Total Intermediate Purchases	**$24,148**	**45.5%**
	Compensation of employees (wages & salary earnings plus supplements)	26,988	39.4
	Taxes on production and imports, less subsidies	863	1.3
	Gross operating surplus (including proprietor's earnings)	9,467	13.8
	Total Value Added	**$37,317**	**54.5%**
	Total Industry Output	**$68,497**	**100.0%**

Source: Bureau of Economic Analysis- U.S. Input-Output Accounts and RegionTrack calculations
Notes: Purchases by the child care sector in 2022 are estimated using ratios of total output from the BEA's national input-output use table with a 2017 base year. Estimates of total output and compensation in 2022 are detailed in Figure 5 of part 2 of this report series. Taxes are determined using the 2017 ratio of taxes to total output. Gross operating surplus is calculated as the residual from the remaining components.

Direct Economic Contribution

The direct contribution of the child care sector is typically described using common measures of economic activity, including output (or revenue), employment, and household earnings. Figure 1 provides a summary of the major components of the $68.5 billion in direct output produced by the child care sector in 2022.[1]

The four primary components of direct output in the child care sector are 1) purchases of goods and services, 2) various forms of value added (or GDP) including employee compensation, 3) gross operating surplus received by owners including proprietor's income, and 4) tax payments after subsidies.

The value added components primarily reflect the earnings of owners and workers in the child care sector. Child care establishments provided direct employment for nearly 547,500 self-employed proprietors and 76,850 wage and salary employees. Proprietors received estimated net earnings after expenses of $5.7 billion, while wage and salary workers were paid compensation totaling $27 billion in 2022.

Comparable Industries. Evaluating the overall size and scope of the child care sector is aided by placing its $68.5 billion in industry output alongside other sectors that generate similar revenues as detailed in Figure 2.

Professional and technical services with comparable output include medical and diagnostic labs ($72.9 billion) and veterinary services ($66.1 billion). Comparable non-profit and governmental service-providing sectors include grantmaking, giving, and social advocacy ($80.7 billion) and the Postal Service ($78.4 billion).

Similar-sized consumer services include residential maintenance and repair ($80.2 billion), travel and reservation services ($72.5 billion), sporting goods, hobby, book, and music stores ($51.6 billion), and spectator sports ($55.9 billion). Sectors of similar size related to transportation and infrastructure include pipeline ($69.3 billion) and water transportation ($54.8 billion).

Figure 2. Child Care vs. Comparable Industries by Output (2022)

Sector	Total Output (billions)
Grantmaking, giving, and social advocacy organizations	$80.7
Residential maintenance and repair	80.2
Postal Service	78.4
Medical and diagnostic laboratories	72.9
Travel arrangement and reservation services	72.5
Pipeline transportation	69.3
Child day care services	68.5
Veterinary services	66.1
Private elementary and secondary schools	61.7
Spectator sports	55.9
Water transportation	54.8
Sporting goods, hobby, book, and music stores	51.6

Source: Bureau of Economic Analysis

Compensation of Employees and Proprietor Earnings. Compensation paid to wage and salary employees is the largest single component of spending by child care providers, totaling $27 billion in 2022. Roughly 40% of all child care revenue is used to compensate employees working within employer firms. The large share of revenue devoted to employee compensation reflects the labor-intensive nature of child care provision.

Wage and salary earnings comprise about 85% of total compensation, with the remaining received as various employee benefits.[2] The share of these earnings that is subsequently re-spent by child care workers and owners is a key factor in determining the size of any secondary economic influence the child care industry has on the broader state economy.

The large share of revenue devoted to employee compensation reflects the labor-intensive nature of child care provision.

Proprietors operating child care facilities likewise receive net earnings after expenses, which comprise the major component of gross operating surplus. The approximately 547,500 sole proprietors who operate child care businesses without employees earned an estimated $5.7 billion in net proprietor income, or roughly 60% of the $9.5 billion in gross operating surplus reported for the industry.[3] Gross operating surplus also includes any corporate profit earned by employer child care firms.[4]

Industry Purchases. Purchases of goods and services by child care establishments are the second-largest source of child care industry spending after employee compensation. Industry purchases totaled an estimated $24.1 billion in 2022, or 46% of total industry revenue.[5] The net effects of these child care industry purchases on the rest of the state and regional economies are determined, in part, by the share of these goods and services purchased within the region rather than imported, and by the degree to which such spending is a net addition rather than a substitute for spending that would have been undertaken by a stay-at-home parent in the absence of paid child care.

Purchases made by child care providers are spread across most major industry sectors shown in Figure 1. The two largest categories are real estate ($9.4 billion) and manufactured goods ($6.0 billion). Real estate remains a key element of the industry, with nearly all child care operators owning or leasing a building, home, or other structure that must be maintained on a regular basis. Most purchases of manufactured goods are for food, transportation equipment, paper products, plastic products, toys and games, cleaning products, and items needed for real estate and grounds maintenance.

Other major purchases by the child care sector include professional, scientific, and technical services ($1.6 billion, mostly legal, accounting, and marketing services); wholesale trade ($1.0 billion); and management of companies ($1.3 billion, includes corporate holding companies). Smaller purchases of less than $1 billion annually include finance and insurance ($786 million); utilities ($649 million); transportation and warehousing ($500 million, primarily for vehicle transportation); accommodation and food services ($665 million, primarily for food preparation); and information ($551 million, for telecommunications, data processing, and publications).

The mix of purchases made by the child care sector varies considerably across the states. Differing state-level prices for the various goods and services purchased by child care providers, especially real estate, will also influence the share of total spending within each category.

Taxes and Subsidies. The child care industry produces a relatively modest direct economic contribution in the form of net tax payments. Taxes paid directly by the child care industry after netting out subsidies received totaled an estimated $863 million in 2022 (see Figure 1).[6] These federal, state, and local tax payments equal approximately 1.25% of total revenue in 2020. The relatively small net tax impact is traced to large federal and state subsidies traditionally provided to the industry and the low average earnings of individuals working in the industry.[7]

Economic Multiplier Effects

The re-spending of revenue by child care providers on purchases of goods and services, earnings received by employees and owners, and taxes paid sets in motion multiple rounds of spending in the broader economy.

Economic impact multipliers are commonly used to estimate the resulting effect of a change in economic activity in a given industry on the broader regional or national economy.[8] It is important to note that these multipliers represent estimates of gross economic effects and do not account for any public or private costs associated with child care provision.

Multipliers provide a convenient method for estimating the effects that a direct change in output, employment, or earnings within an industry sector may have on broader regional or state economic activity. For the child care sector, output multipliers provide an estimate of the change in output in the broader economy per dollar of new output (or revenue) generated within the child care industry. Employment multipliers provide an estimate of the number of jobs generated in the broader economy as new jobs are added in the child care sector. Similarly, earnings multipliers provide an estimate of the amount of additional earnings generated in the broader economy per new dollar of earnings received by child care business owners and employees.

Figure 3 provides state-level RIMS II multipliers estimated by the Bureau of Economic Analysis for the child care sector.[9] In interpreting the multipliers, a given change in economic activity taking place within the child care industry is deemed the direct effect. The direct effect, in turn, produces both indirect and induced effects which are estimated using the multipliers.

The indirect effect is the economic activity triggered in a region as a result of purchases of goods and services by child care businesses that are made within the region.[10] Multipliers are generally larger in states where a higher share of purchases made by the child care industry are met by producers within the state rather than imported.[11]

The effects of the child care industry on overall economic activity in a state will differ from that of other industries depending upon the distribution of the child care industry's spending on other goods and services and the degree to which that spending remains in the state or region.

The induced effect reflects the economic activity triggered in other sectors of the economy by new household spending in the region out of owner and employee earnings received as part of the direct and indirect effects.[12] Type II child care multipliers will generally be larger in regions where a larger share of child care facility purchases is made within the state and/or where a greater share of the earnings generated directly and indirectly through the child care sector is subsequently spent within the region. With some exceptions, the size of a Type II multiplier for most regions is closely related to the size of the corresponding Type I multiplier.

These indirect and induced effects of economic activity are generated by all industries and are not unique to child care. However, the effects of the child care industry on overall economic activity in a state will differ from that of other industries depending upon the distribution of the child care industry's spending on other goods and services and the degree to which that spending remains in the state or region.

Figure 3. Child Care Industry Input-Output Multipliers (RIMS)						
State	Output		Earnings		Employment	
	Type I	Type II	Type I	Type II	Type I	Type II
Alabama	1.39	2.00	1.22	1.62	1.12	1.35
Alaska	1.26	1.71	1.14	1.46	1.09	1.29
Arizona	1.53	2.29	1.29	1.80	1.15	1.44
Arkansas	1.40	1.92	1.22	1.58	1.12	1.32
California	1.56	2.31	1.31	1.80	1.16	1.44
Colorado	1.59	2.41	1.33	1.87	1.18	1.51
Connecticut	1.44	2.01	1.25	1.63	1.14	1.34
Delaware	1.39	1.82	1.21	1.50	1.12	1.30
Dist. of Columbia	1.33	1.41	1.20	1.26	1.15	1.19
Florida	1.50	2.24	1.28	1.78	1.18	1.47
Georgia	1.55	2.35	1.31	1.84	1.16	1.43
Hawaii	1.44	2.06	1.23	1.65	1.14	1.41
Idaho	1.47	2.06	1.25	1.65	1.12	1.34
Illinois	1.61	2.46	1.33	1.88	1.21	1.57
Indiana	1.52	2.19	1.28	1.73	1.14	1.41
Iowa	1.45	1.96	1.23	1.58	1.11	1.30
Kansas	1.46	2.03	1.25	1.62	1.13	1.34
Kentucky	1.47	2.08	1.25	1.65	1.12	1.33
Louisiana	1.34	1.91	1.19	1.59	1.10	1.32
Maine	1.40	2.00	1.23	1.65	1.12	1.36
Maryland	1.48	2.11	1.26	1.67	1.18	1.44
Massachusetts	1.50	2.13	1.28	1.71	1.18	1.43
Michigan	1.53	2.26	1.29	1.78	1.13	1.39
Minnesota	1.55	2.23	1.30	1.76	1.17	1.45
Mississippi	1.32	1.84	1.18	1.53	1.10	1.29
Missouri	1.57	2.27	1.31	1.77	1.19	1.50
Montana	1.36	1.88	1.19	1.55	1.10	1.29
Nebraska	1.42	1.94	1.23	1.59	1.11	1.30
Nevada	1.47	2.06	1.26	1.65	1.14	1.36
New Hampshire	1.40	1.94	1.24	1.62	1.12	1.35
New Jersey	1.54	2.28	1.30	1.78	1.19	1.47
New Mexico	1.32	1.82	1.17	1.52	1.10	1.32
New York	1.51	2.08	1.26	1.63	1.18	1.42
North Carolina	1.53	2.31	1.29	1.81	1.16	1.47
North Dakota	1.34	1.80	1.18	1.49	1.08	1.24
Ohio	1.55	2.29	1.30	1.80	1.15	1.42
Oklahoma	1.41	2.03	1.23	1.66	1.12	1.36
Oregon	1.53	2.17	1.29	1.72	1.16	1.44
Pennsylvania	1.54	2.26	1.30	1.78	1.17	1.46
Rhode Island	1.43	1.96	1.24	1.60	1.14	1.36
South Carolina	1.49	2.22	1.26	1.73	1.16	1.45
South Dakota	1.39	1.89	1.21	1.55	1.09	1.27
Tennessee	1.57	2.43	1.32	1.88	1.16	1.46
Texas	1.60	2.56	1.34	1.96	1.18	1.50
Utah	1.58	2.32	1.31	1.80	1.18	1.46
Vermont	1.40	1.88	1.22	1.56	1.13	1.34
Virginia	1.51	2.17	1.28	1.71	1.16	1.42
Washington	1.50	2.16	1.28	1.72	1.15	1.41
West Virginia	1.29	1.70	1.17	1.46	1.08	1.24
Wisconsin	1.49	2.11	1.27	1.69	1.15	1.43
Wyoming	1.27	1.66	1.14	1.41	1.10	1.28
U.S. Weighted Average	**1.52**	**2.22**	**1.28**	**1.75**	**1.16**	**1.43**

Source: Bureau of Economic Analysis – RIMS II Program
Notes: Base years are 2022 for regional data and 2017 for the national input-output table.

Estimated National and State-Level Child Care Impacts

Indirect and induced effects resulting from a change in output, employment, or earnings in the child care sector are estimated using BEA multipliers for each state and the nation in Figure 4.[13]

U.S. Multiplier Effects. At the national level, $68.5 billion in direct output generated within the organized child care industry supports an estimated $83.8 billion in additional indirect and induced output in other industry sectors.[14] In other words, each dollar of direct revenue produced by the child care sector supports an additional $1.22 in output in other industry sectors nationwide. In total, output in the U.S. child care industry supports an estimated $152.3 billion in total U.S. output, both directly and through indirect and induced multiplier effects.

In total, the gross economic contribution of the U.S. child care sector summed across states is an estimated $152 billion in output, $57 billion in household earnings, and 2.2 million jobs in 2022.

The $32.7 billion in household earnings in the form of both employee compensation and net proprietor's earnings generated directly within the child care industry is associated with an additional $24.5 billion in estimated indirect and induced earnings nationally. In total, multiplier-based estimates suggest that approximately $57.2 billion in earnings in the United States is supported directly and indirectly by child care sector earnings.

In terms of employment, 1.5 million proprietors and wage and salary employees working in the child care sector supported an estimated 651,605 jobs in other industry sectors through indirect and induced spillover effects. Each new direct child care job supported slightly more than one-third of an additional job, a reflection of the relatively low Type II employment multipliers (average of 1.43) for the child care sector across the states. In total, an estimated 2.16 million self-employed proprietors and wage and salary workers are supported both directly and indirectly by the organized child care sector.

In total, the gross economic contribution of the U.S. child care sector summed across states is an estimated $152 billion in output, $57 billion in household earnings, and 2.2 million jobs in 2022.

State Multiplier Size. The estimated child care sector multipliers in Figure 3 differ greatly across the states. Output multipliers are highly correlated with the overall size of the economy, with larger states capable of meeting more of the demand for goods and services by child care establishments within the state. Larger states are also able to attract and retain more local spending out of earnings by child care workers and proprietors.

States with the highest Type II output multiplier for the child care sector include Texas (2.56), Illinois (2.46), Tennessee (2.43), Colorado (2.41), Georgia (2.35), North Carolina (2.31), and California (2.31). All rank among the largest state economies.

Conversely, states with the smallest Type II output multipliers include Wyoming (1.66), West Virginia (1.70), Alaska (1.71), North Dakota (1.80), South Dakota (1.89), Delaware (1.82), and Montana (1.88) along with the District of Columbia (1.41). All are ranked among the smallest state economies. In fact, the Type II output multipliers (direct + indirect + induced effects) in the smallest states are only roughly equal in size to the typical Type I output multipliers (direct + indirect effects only) found in the largest states.

Earnings multipliers at the state level tend to reflect the same relative rank as output multipliers in Figure 3. The close correspondence between output and earnings multipliers reflects the fact that earnings are a relatively constant share of output across all states and reflect similar underlying economic behavior. With few exceptions, states with the largest output multipliers for child care tend to have the largest earnings multipliers. As with output multipliers, multiplier effects from increased earnings in the child care sector are expected to be largest in the largest states.

Employment multipliers have a similar tendency to be larger in the largest states. However, they vary across the states to a greater degree than both output

Figure 4. Child Care Industry Gross Economic Contribution (2022)

	Output (millions)				Earnings (millions)				Employment (total jobs)			
State	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total
Alabama	$537.7	$211.8	$328.3	$1,077.8	$333.0	$71.9	$136.1	$541.1	17,864	2,169	4,066	24,098
Alaska	135.0	35.0	60.2	230.3	72.4	10.4	22.6	105.4	2,997	259	596	3,852
Arizona	786.5	413.5	603.9	1,803.9	453.0	130.3	232.3	815.6	22,642	3,487	6,580	32,708
Arkansas	270.2	108.6	141.3	520.1	308.4	67.7	109.6	485.7	15,566	1,829	3,191	20,586
California	9,074.2	5,122.4	6,731.3	20,927.9	3,709.1	1,156.9	1,814.5	6,680.4	168,670	27,190	47,464	243,323
Colorado	1,256.0	738.4	1,030.2	3,024.5	633.0	207.1	346.6	1,186.7	23,314	4,150	7,763	35,227
Connecticut	1,534.4	676.1	872.9	3,083.4	470.0	116.1	180.3	766.5	20,384	2,819	4,203	27,406
Delaware	184.2	71.1	80.7	336.0	120.4	24.9	35.7	181.0	4,858	592	869	6,319
Dist. of Columbia	407.7	133.8	33.9	575.4	148.3	29.6	8.9	186.8	4,364	653	178	5,195
Florida	3,376.6	1,675.1	2,499.3	7,551.0	1,899.6	533.2	939.9	3,372.8	94,012	16,565	27,828	138,404
Georgia	1,928.7	1,061.7	1,543.3	4,533.8	1,057.3	330.8	561.0	1,949.1	58,769	9,139	16,402	84,310
Hawaii	99.8	44.0	62.2	206.0	137.3	32.1	57.0	226.3	4,578	652	1,226	6,456
Idaho	314.9	147.6	187.0	649.6	125.8	31.3	50.4	207.4	6,690	808	1,462	8,960
Illinois	2,979.7	1,818.5	2,518.5	7,316.7	1,450.0	478.8	801.0	2,729.8	66,398	14,236	23,790	104,424
Indiana	1,405.6	726.4	950.2	3,082.1	464.6	129.1	209.3	803.1	23,450	3,339	6,202	32,991
Iowa	1,261.4	565.6	639.9	2,467.0	427.0	100.0	146.3	673.3	21,775	2,489	4,046	28,309
Kansas	728.0	338.3	411.6	1,477.9	254.8	63.5	95.1	413.3	12,890	1,685	2,684	17,259
Kentucky	590.8	279.6	359.7	1,230.1	319.2	79.6	128.3	527.0	17,318	2,054	3,630	23,001
Louisiana	631.4	212.9	361.0	1,205.3	351.9	67.7	140.1	559.7	23,145	2,377	5,106	30,628
Maine	304.0	122.2	182.5	608.7	178.5	41.1	74.3	294.0	6,922	856	1,665	9,443
Maryland	2,022.1	978.5	1,259.5	4,260.1	656.7	169.2	270.2	1,096.2	27,803	4,935	7,337	40,075
Massachusetts	2,682.9	1,345.2	1,698.8	5,727.0	1,105.2	314.1	472.1	1,891.4	35,920	6,297	9,213	51,430
Michigan	1,693.8	901.4	1,233.4	3,828.7	677.0	199.2	329.4	1,205.6	33,714	4,363	8,654	46,731
Minnesota	2,460.5	1,348.8	1,681.7	5,491.1	717.8	214.9	330.3	1,263.0	27,981	4,827	7,863	40,671
Mississippi	399.8	128.3	206.3	734.4	284.9	51.0	100.8	436.7	17,361	1,670	3,432	22,463
Missouri	1,738.3	990.5	1,221.7	3,950.5	548.0	168.7	255.5	972.3	26,974	5,238	8,219	40,431
Montana	211.3	76.4	109.4	397.1	99.1	19.3	35.1	153.5	4,907	468	930	6,306
Nebraska	555.8	230.8	291.6	1,078.2	292.1	67.2	105.4	464.7	14,521	1,632	2,760	18,914
Nevada	555.2	262.4	326.7	1,144.3	179.2	45.8	70.0	295.0	11,264	1,522	2,477	15,263
New Hampshire	247.6	98.0	134.1	479.7	164.1	39.5	63.0	266.6	6,451	804	1,436	8,691
New Jersey	1,717.1	931.7	1,267.5	3,916.3	1,271.3	375.4	613.0	2,259.7	52,811	9,865	15,172	77,848
New Mexico	135.2	43.5	67.2	245.9	184.6	32.0	63.5	280.1	8,741	850	1,937	11,528
New York	4,062.0	2,091.1	2,310.0	8,463.1	2,888.4	764.6	1,047.3	4,700.2	114,305	20,918	26,919	162,141
North Carolina	1,449.3	767.2	1,129.8	3,346.4	1,004.8	293.8	516.1	1,814.7	44,097	6,932	13,683	64,712
North Dakota	262.3	90.5	118.2	471.0	132.3	24.1	40.6	197.1	6,069	496	955	7,521
Ohio	2,353.4	1,284.3	1,750.5	5,388.2	1,053.4	315.1	524.6	1,893.1	51,521	7,955	13,854	73,330
Oklahoma	365.9	148.2	229.2	743.4	293.0	67.7	126.4	487.1	15,872	1,952	3,724	21,547
Oregon	908.1	484.4	580.7	1,973.3	484.1	140.2	207.8	832.2	18,619	3,054	5,077	26,750
Pennsylvania	2,590.1	1,409.3	1,850.4	5,849.8	1,370.5	410.2	663.5	2,444.2	55,618	9,572	16,068	81,258
Rhode Island	147.2	63.7	77.4	288.2	128.2	30.8	46.2	205.3	5,233	707	1,155	7,094
South Carolina	807.2	396.5	585.7	1,789.5	320.9	84.3	151.3	556.5	17,915	2,823	5,167	25,905
South Dakota	273.4	106.4	136.8	516.6	117.9	24.2	40.5	182.6	5,734	509	1,022	7,264
Tennessee	1,168.5	670.1	1,002.7	2,841.3	517.3	163.6	292.2	973.0	26,912	4,225	8,224	39,361
Texas	4,915.6	2,970.5	4,686.5	12,572.6	2,483.0	832.8	1,547.7	4,863.5	140,372	24,762	45,410	210,544
Utah	256.9	147.8	192.4	597.1	244.0	75.5	119.5	439.0	12,336	2,166	3,487	17,989
Vermont	150.0	59.4	73.0	282.4	104.9	22.8	36.4	164.1	3,639	479	775	4,893
Virginia	2,998.1	1,540.7	1,953.0	6,491.8	814.3	228.4	347.8	1,390.5	37,353	6,145	9,712	53,210
Washington	2,098.6	1,055.8	1,388.6	4,543.0	799.8	223.1	350.3	1,373.1	28,456	4,192	7,487	40,135
West Virginia	216.9	62.8	88.1	367.8	115.7	19.3	33.8	168.8	6,083	481	970	7,534
Wisconsin	1,159.8	567.1	724.3	2,451.2	627.0	166.3	268.7	1,062.0	26,278	4,052	7,329	37,659
Wyoming	86.7	23.4	33.5	143.6	78.7	11.2	20.6	110.6	3,526	352	619	4,496
United States	**$68,496.6**	**$35,777.6**	**$48,006.9**	**$152,281.1**	**$32,671.9**	**$9,296.4**	**$15,179.1**	**$57,147.4**	**1,504,990**	**241,587**	**410,018**	**2,156,595**

Source: Census Bureau, Bureau of Economic Analysis, and RegionTrack calculations and estimates

and earnings multipliers. The added variability mostly reflects widely differing levels of intensity in the use of labor at the industry level across state economies. For example, the highly labor-intensive Florida economy has only the 15th-highest Type II output multiplier but the 6th-highest Type II employment multiplier. Conversely, Georgia has the 5th-largest Type II output multiplier but only the 17th-highest Type II employment multiplier.

Child Care and Workforce Development

The child care sector's most fundamental role is helping to employ a region's existing labor resources more efficiently. Inefficiency in the use of labor, especially for mothers, single parents, and low-skilled workers, leads to a direct reduction in potential income growth in a region. If parents lack access to affordable child care, they may either work reduced hours or opt to remain out of the labor force.

CPS data suggest that 1.2 million persons who usually work part-time cited problems with child care as the primary reason for not working full time on a regular basis in July 2024.

Survey results from the Current Population Survey (CPS) highlight the potential magnitude of the workforce-related concerns faced by working parents who use organized child care.[15] CPS data suggest that 1.2 million persons who usually work part-time cited problems with child care as the primary reason for not working full time on a regular basis in July 2024. A review of the CPS results suggests that approximately 91% of the part-time workers reporting child care problems are women.[16]

The National Survey of Children's Health (NSCH) administered by the U.S. Department of Health and Human Services finds a broader influence of child care problems on the job status of working parents. NSCH survey results for 2022 suggest that approximately 12.2% of children ages 0-5 (2,662,070) were living with a parent who either quit a job, did not take a job, or greatly changed a job in the past 12 months because of problems with child care.[17] The share jumped sharply to 12.6% in the pandemic year of 2020 from 9.4% in 2019 and has eased back only slightly in the post-pandemic period.

Labor Force Participation and Economic Growth

Child care can support a region's overall economic growth through increased labor force participation and added education and training. Labor force participation is a key determinant of the quantity of labor available in a region while education and training enhance the quality of the labor force. While the pursuit of education by parents is often supported by child care, the dominant role of child care provision remains enabling the participation of parents in the labor force.

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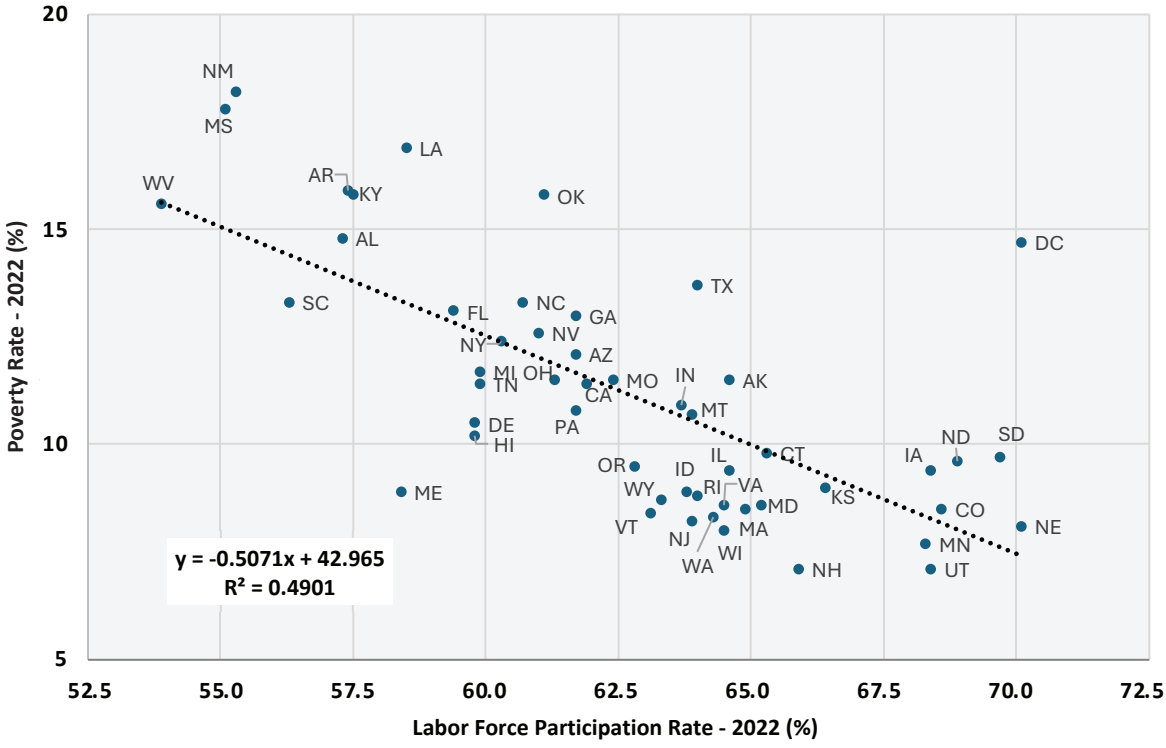
Increased labor force participation works to stimulate regional economic growth through two distinct channels.[18] First is the direct increase in total employment, household earnings, and total economic output in a region as child care assists new workers to enter the labor force or existing workers to work more hours. Second, business activity increases in the market-based child care industry as a portion of parents entering the labor force choose to use organized child care services. Both channels result in increased economic activity as labor force participation rates increase, both directly and indirectly through spillover effects.

Empirical research continues to demonstrate that the labor force participation rate is deeply intertwined with both income levels and poverty rates across the states.[19] Poverty closely reflects a parent's work status, with few adults who work most of the year having income below the poverty line. In 2022, the working poor (defined as individuals who were in the labor force for at least 27 weeks but still had income below the poverty level) comprised only 4.0% of the U.S. labor force.[20]

Figure 5. Labor Force Participation and Poverty by State



Source: Bureau of Labor Statistics and Census Bureau
Notes: The labor force participation rate includes all persons ages 16 and over. The poverty rate is the official rate provided by the Census Bureau.

The state-level relationship between labor force participation and poverty rates is shown in Figure 5, with high-participation rate states generally having much lower poverty rates in 2022. This inverse relationship has remained mostly unchanged over multiple decades.

States with high participation rates and low poverty rates are found primarily in the Mountain West (Utah, Colorado, Wyoming), Upper Midwest (Wisconsin, Minnesota), Farm Belt (Kansas, Nebraska, North Dakota, South Dakota, and Iowa), some of the Mid-Atlantic States (Virginia and Maryland), and portions of New England (Massachusetts, New Hampshire, and Vermont).

Regions with low participation rates and high poverty rates traditionally include much of the South (Mississippi, Alabama, Arkansas, and South Carolina), the Southwest (Oklahoma and New Mexico), portions of Appalachia (West Virginia and Kentucky), Louisiana, and the District of Columbia.

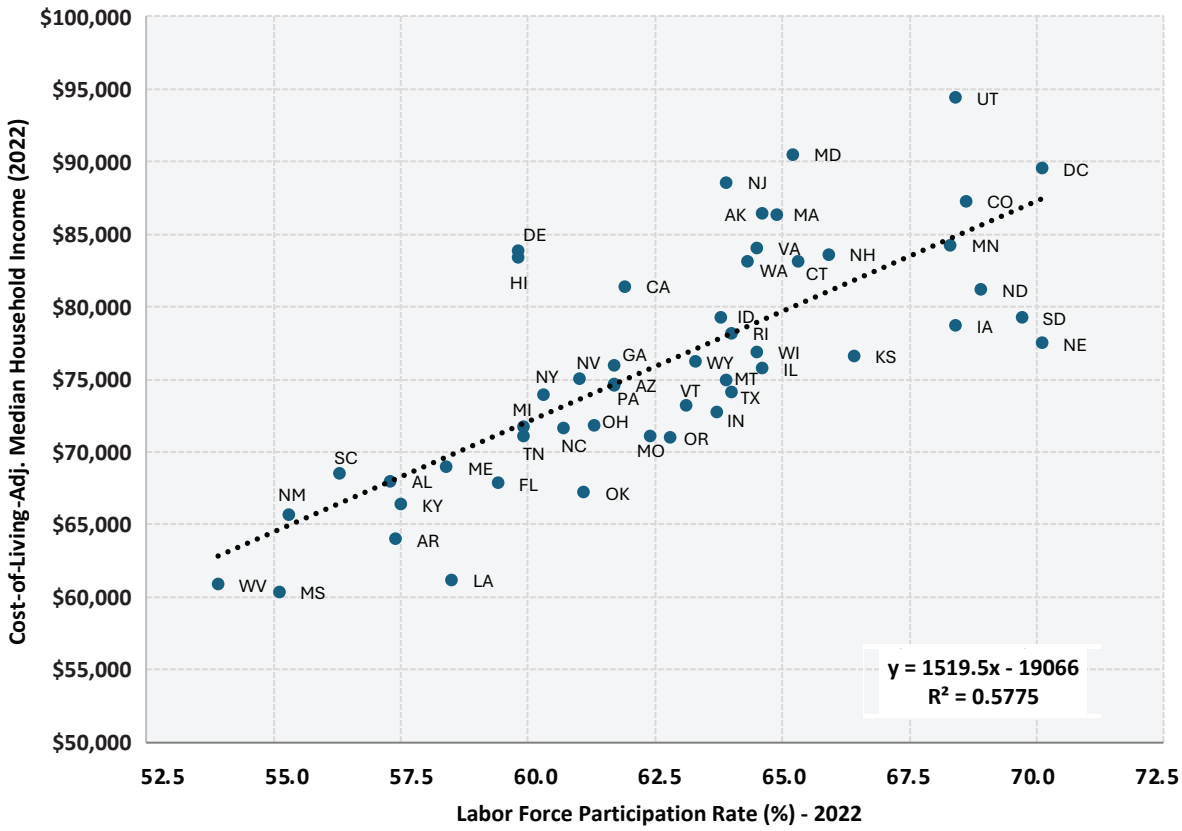
Labor force participation rates are highly variable across the states and range from about 55% in the lowest-participation states to just above 70% in the highest-participation states. Similarly, there is a more than 10 percentage point range in poverty rates across the states, from well below 10% in many of the highest-participation states to nearly 20% in the lowest-participation states.

The wide range in participation rates suggests strong potential for reduced poverty rates in many states through increased labor force involvement. Based on the linear best-fit line in Figure 5, a one percentage point increase in the overall participation rate in a state is associated with a 0.51 percentage point lower rate of poverty on average.

As with poverty rates, labor force participation similarly helps explain differences in income levels across the states. Figure 6 illustrates the strong tendency for states with the highest participation rates to have the highest cost of living-adjusted median household incomes.[21] Again, as with poverty

rates, there is tremendous variation in household income across the states. Residents living in the highest-participation rate states tend to earn on average $30,000 more in annual household income than the lowest-participation states after adjusting for differences in cost of living. The best-fit line in Figure 6 suggests that each one percentage point increase in labor force participation is associated with an additional $1,520 in cost of living-adjusted median income on average across the states.

Figure 6. Labor Force Participation and Income



Source: Bureau of Labor Statistics; Bureau of Economic Analysis – Price Parity Index; Census Bureau; and RegionTrack calculations.

Child Care and Education. Access to affordable child care plays a secondary role in economic growth by supporting parents in seeking additional education and training. Access to affordable child care is most important for low-skilled workers with fewer employment opportunities but affects all parents with children of child care age who are seeking additional work-related skills.

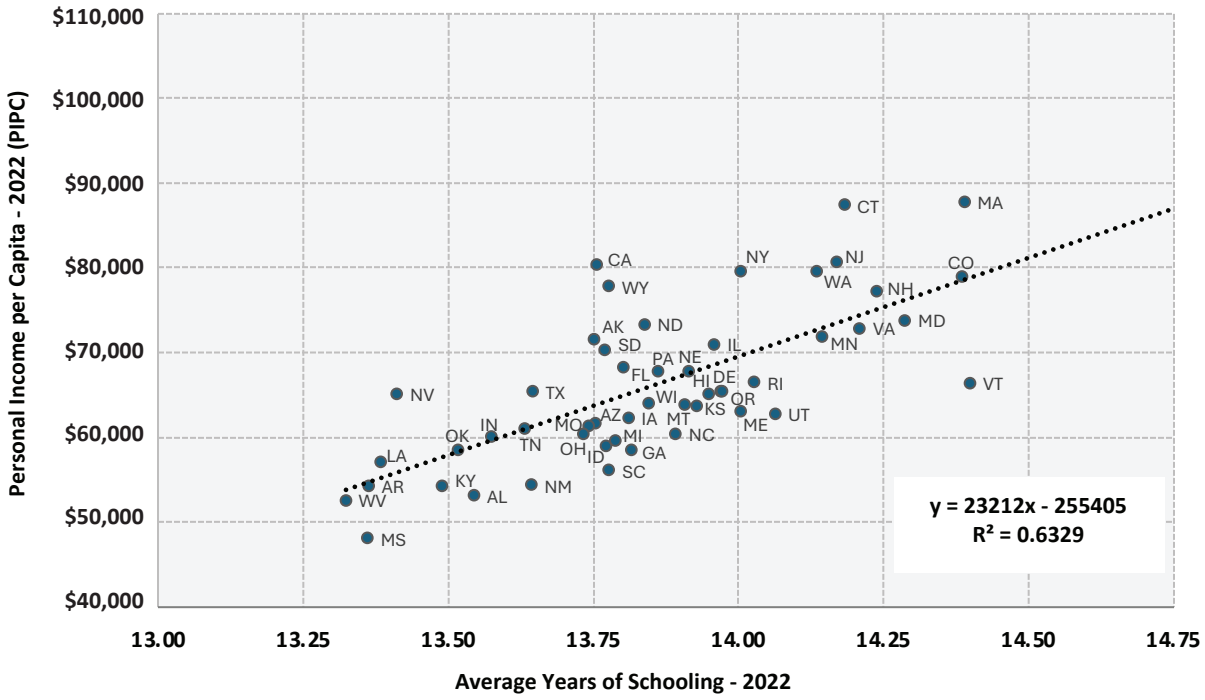
Most forms of education and training are believed to contribute to higher earnings over the work life.[22] Figure 7 illustrates the association between education and income at the state level, both currently and as education levels have changed over time.

Panel A of Figure 7 illustrates the current level of per capita personal income relative to the level of education measured by average years of schooling.[23] Much like the labor force participation rate, higher education is consistently associated with higher income levels across the states.

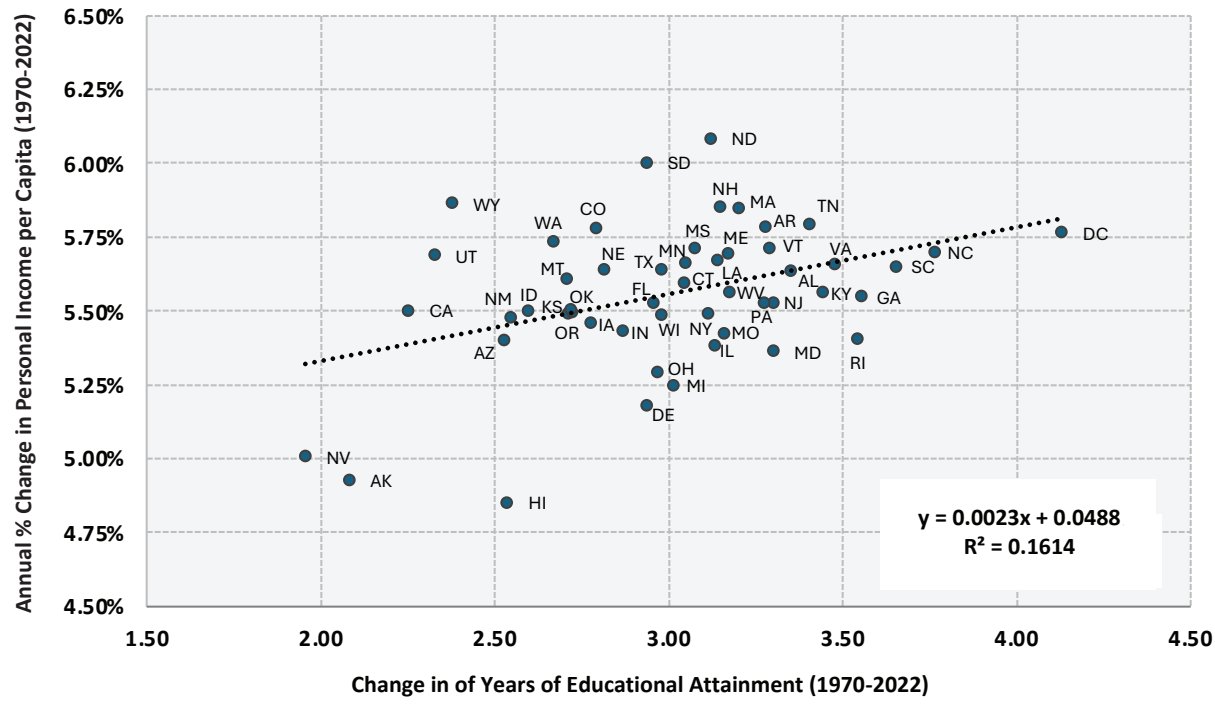
States with the highest income and education levels are traditionally found in the Northeast and include Connecticut, Massachusetts, Maryland, New Jersey, Vermont, and New Hampshire. Other states outside the Northeast with high education and income levels include North Dakota, Colorado, Minnesota, Washington, Kansas, and Nebraska.

Figure 7. Income and Education

A. Income and Education (2022)



B. Change in Income and Education (1970-2022)



Source: Bureau of Labor Statistics; Bureau of Economic Analysis – Price Parity Index; Census Bureau; and RegionTrack calculations

The linear best-fit line in panel A of Figure 7 suggests that one additional year of schooling on average for a state is associated with an additional $23,212 in personal income per capita across the states. States with the lowest income and education levels are traditionally found in the South and include West Virginia, Mississippi, Arkansas, Kentucky, Alabama, Tennessee, Florida, and Louisiana. Other states outside the South with low income and education levels include Nevada, Oklahoma, New Mexico, Indiana, and Arizona.

Panel B of Figure 7 illustrates percentage changes in educational attainment and personal income per capita over the 1970-2022 period for each state. The best fit line suggests that a greater increase in educational attainment is associated with faster income growth. Income growth is 0.23% higher per year on average for each year of additional schooling across the states. This growth differential underlies the strong income growth in many of the highest education states in recent decades. The relationship remains positive despite more dispersion around the best fit line relative to the comparison of education and income levels in Panel A of Figure 7. As expected, many factors other than education influence income growth over a more than five-decade period, but with education serving as a key factor.

Paid Child Care and its Association with Labor Force Participation and Education

States with both high levels of education and high labor participation rates tend to exhibit the highest share of children in paid child care. This is consistent with findings at the family level, where those with higher levels of education and greater labor force participation tend to use more paid child care services.[24]

Figure 8 illustrates the share of paid child care usage across the states relative to both labor force participation and education. States trailing well behind on both measures are easily identified in the lower left quadrant. A group of eleven states, including West Virginia, Mississippi, Arkansas, Louisiana, Kentucky, Alabama, Tennessee, South Carolina, New Mexico, Oklahoma, and Nevada, all have low labor force participation rates and low education attainment.

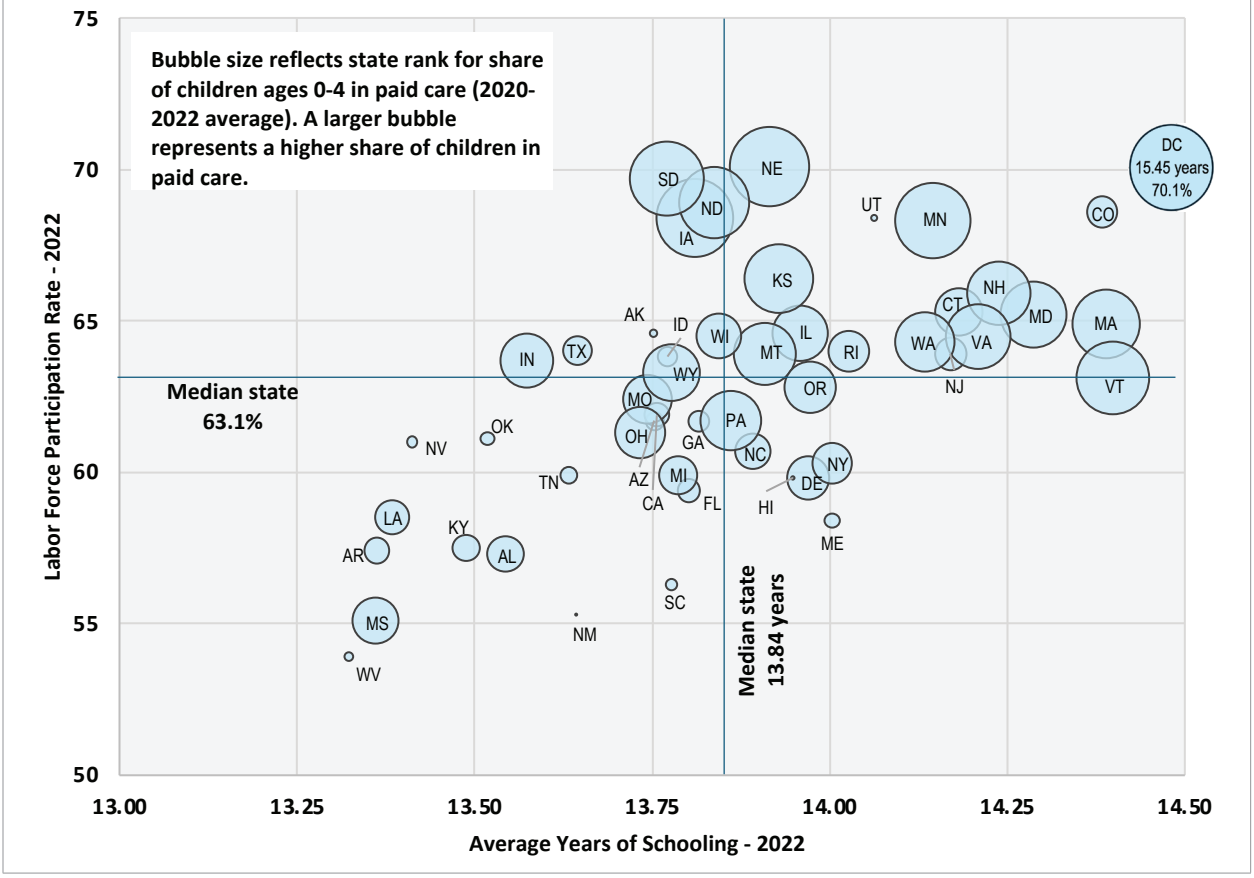
States with both high levels of education and high labor participation rates tend to exhibit the highest share of children in paid child care.

These states are also uniformly ranked among the states with the lowest share of children in paid child care in 2022. Most of these states have a labor force participation rate that is at least three percentage points below that of the median state and average years of schooling 0.2 years or more below that of the median state. These states also tend to rank well below the median based on both household income and poverty rate.

A second tier of nine states ranks below the median state based on either labor force participation or education, or trails slightly on both measures. This tier includes Arizona, Ohio, Georgia, Missouri, Florida, California, North Carolina, Pennsylvania, and Michigan. Most of these states also use relatively low shares of paid child care. States in this tier generally rank closer to the median state based on income and poverty measures than do states in the first tier. All except Missouri rank behind the median state in terms of education.

An additional group of nine states has relatively high participation rates that are above the median state, but fall below the median state in educational attainment. This group includes Indiana, Texas, Alaska, Idaho, Wyoming, Wisconsin, North Dakota, South Dakota, and Iowa. There is considerable variation in the use of paid child care in these states relative to the lower left quadrant of Figure 8.

Figure 8. Paid Child Care Usage by Education and Labor Force Participation



Source: Bureau of Labor Statistics and Census Bureau

Conversely, a group of six states exceeds the median in educational attainment but trails the median in labor force participation. This group includes North Carolina, Oregon, Hawaii, Delaware, New York, and Maine. The group similarly has a wide variation in the share of children in paid child care.

The remaining 15 states and the District of Columbia fall in the upper right quadrant of Figure 8. These states have a labor force participation rate at or above the median rate of 63.1% and average years of schooling equal to or higher than the median of 13.84 years. These states generally have among the highest median household incomes and lowest poverty rates. Most importantly, nearly all rank among the top half of the states based upon their share of paid child care usage. Among the group, only Utah, New Jersey, Rhode Island, and Colorado have below average usage rates for paid child care. All four of these states historically have low shares of children in paid child care.

From a regional perspective, the high use of paid child care by a group of four adjoining Farm Belt states – Iowa, Nebraska, South Dakota, and North Dakota – is worth noting. All four states are among the greatest users of paid child care while having among the highest labor force participation rates. However, all four states have only median, or slightly below median, levels of educational attainment. For this group, labor force participation may be more important as a factor in paid child care usage than education level. These states may also simply exhibit a long-run preference toward greater use of paid care and greater overall labor force involvement.

Additional Findings on Labor Force Participation and Paid Child Care Usage

The 2022 CED report (*The Economic Role of Paid Child Care in the U.S. — Part 3: Economic Growth Modeling*) provides additional empirical findings on the relationship between labor force participation and paid child care. The report uses both short-run Granger causality tests and long-run cointegration tests to examine the robustness of the historical linkages between paid child care usage and labor force participation at the state level.

The findings reveal a dynamic relationship between labor force attachment and the use of paid child care over time. Key findings from short-run Granger causality tests include the following:

i. Female labor force participation is the only measure of labor force attachment found significant for the share of children in paid care at the state level over time. No other participation measures, including the participation of fathers, are found causal in the short run. This is consistent with traditional parental roles where the mother's participation is most sensitive to the use of paid care. It further suggests that higher overall labor force participation rates in a state are unlikely to alter the use of paid child care relative to maternal participation rates.

ii. Paid child care usage is also found statistically causal in the reverse direction, with greater paid care usage leading to greater overall labor force participation at the state level. This suggests that efforts to shift the overall demand for paid care usage, either through subsidies or other means, can result in increased labor force participation rates in the short run. This bi-directional relationship confirms that increased paid care usage and higher labor force participation rates move jointly over time.

iii. The relationship running from paid care usage to labor force participation holds for female, male, and overall participation rates. This suggests that increased usage of paid care has a broader labor market effect that extends beyond just mothers.

The labor force participation of mothers has a far stronger relationship with paid care usage for young children ages 0 to 4 than older children ages 5 to 14.

iv. The presence of young children (ages 0 to 4) matters most in determining the effect of maternal labor force participation on the use of paid care. The labor force participation of mothers has a far stronger relationship with paid care usage for young children ages 0 to 4 than older children ages 5 to 14.

v. Broader measures of the labor force that include unemployment carry more information than narrower employment ratios. For policy purposes, measures of the labor force should include both employed and unemployed mothers.

Cointegration tests similarly find a highly significant long-run relationship between maternal labor force participation and the share of children in paid care across the states:

vi. For children ages 0 to 4, a 1% increase in the maternal participation rate is associated with a 1.6% long-run increase in the share of children in paid care. The estimated elasticity is greater than unity, indicating a greater than proportional response running from labor force attachment to changes in paid care usage.

vii. Importantly, a significant long-run relationship is found between labor force attachment and both younger and older children in paid care. The relationship is also significant for nearly every measure of labor force attachment. This suggests that increased labor force attachment of nearly all demographic groups is expected to be accompanied by a rising share of children in paid care in the long run.

viii. Consistent with the short-run findings, the estimated long-run elasticities for labor force participation are generally larger for younger children ages 0 to 4 relative to the older group of children ages 5 to 14 for a given change in paid care usage.

The overall findings confirm both short- and long-run linkages between paid child care usage and labor force participation at the state level. In the short run, female participation is the most responsive measure, particularly for mothers with younger children.

Estimated Growth-Effects

Research findings continue to point toward increased labor force attachment as an underlying source of added economic growth.[25] As a result, state-level economic development strategies striving to spur economic growth often focus on increasing labor force attachment.

Gauging the size of the potential economic gains from increased participation is further complicated by the fact that it is just one of many factors believed to drive the level of income within a state or region over time. The set of fundamental factors driving economic growth can vary widely across the states and is often influenced by the industry mix in place within a given state (e.g., states with a strong dependence on energy, agriculture, or tourism).

To measure the potential economic growth effects of increased labor force participation on both paid child care usage and regional income, the 2022 CED report also provides estimates from a 50-state model of personal income that accounts for other known growth factors, including educational attainment, capital intensity, and the share of goods and services traded outside the region.

Accounting for both short- and long-run relationships, the findings suggest significant potential income growth effects from higher labor force participation rates:

i. For the overall labor force participation rate, a 1% increase is associated with an estimated 0.87% long-run increase in real personal income per capita across the states. The estimate can be viewed as an average long-run effect across all states and all segments of the labor force.

ii. The estimated total income gain from a 1% increase is equal to $181.3 billion, or 0.79% of current nominal U.S. personal income totaling $22.95 trillion in 2023.

iii. Three scenarios of higher female participation are simulated:

   - An effort to raise the U.S. female labor force participation rate by 1% (from 72.9% to 73.6%, or 569,100 females added);
   - An effort to raise the participation rate of mothers with a child ages 0 to 14 by 1% (210,700 mothers added); and
   - An effort to raise the participation rate of mothers with all children ages 4 and under by 1% (44,900 mothers added).
   - All three scenarios add to the expected number of children in paid child care.
   - A 1% increase in the participation rate for females (from 72.9% to 73.6%) is associated with an expected $72.8 billion long-run increase in total personal income in the U.S.
   - The expected income gains are proportional to the number of female workers added to the labor force.

iv. The estimated elasticity of 0.87 measured across the full labor force suggests a slightly less than proportional gain in real personal income per capita as participation rates increase.

A 1% increase in the labor force participation rate for females (72.9% to 73.6%) is associated with an expected $72.8 billion long-run increase in total personal income.

The findings provide helpful insight for policymakers in terms of both supply and demand for paid child care. Most importantly, the findings indicate that changes in the use of paid care are far more likely to result in increased labor force attachment than increased attachment is to precede more paid care usage.

There is also evidence of a broader labor market effect from increased paid child care usage to increased overall participation rates. However, any increase in paid care is most likely to come from the increased attachment of mothers, particularly those with younger children.

The estimated growth effects suggest that changes in labor force participation are associated with expected future changes in both income and paid child care usage. For state policymakers concerned with the costs of child care provision, the benefits of increased labor force participation extend beyond social welfare objectives and include a significant economic response in the form of increased income per capita.

Figure 9. Measures of Income, Poverty, and the Labor Force (2022)

State	Income Measures						Poverty Measures			
	Median Household Income	*Rank*	Price-Parity Adjusted Median Income	*Rank*	Personal Income Per Capita	*Rank*	Poverty Rate	*Rank*	Share of Minimum Wage Workers	*Rank*
UNITED STATES	$75,358		$75,358		$68,531		11.5%		1.3%	
Alabama	59,674	*45*	67,984	*43*	53,175	*49*	14.8	*44*	0.9	*36*
Alaska	88,121	*12*	86,402	*6*	71,616	*15*	11.5	*31*	0.5	*45*
Arizona	74,568	*20*	74,645	*29*	61,652	*34*	12.1	*35*	0.6	*43*
Arkansas	55,432	*48*	64,011	*48*	54,347	*47*	15.9	*48*	1.2	*25*
California	91,551	*6*	81,400	*15*	80,423	*5*	11.4	*29*	0.5	*45*
Colorado	89,302	*9*	87,300	*5*	78,918	*8*	8.5	*9*	0.5	*45*
Connecticut	88,429	*11*	83,101	*14*	87,447	*3*	9.8	*23*	0.1	*51*
Delaware	82,174	*15*	83,888	*10*	65,392	*25*	10.5	*25*	1.0	*35*
Dist. of Columbia	101,027	*1*	89,526	*3*	100,909	*1*	14.7	*43*	2.7	*2*
Florida	69,303	*34*	67,848	*44*	68,248	*18*	13.1	*39*	1.7	*13*
Georgia	72,837	*22*	76,005	*25*	58,581	*42*	13.0	*38*	1.5	*18*
Hawaii	92,458	*5*	83,416	*12*	65,151	*27*	10.2	*24*	0.3	*50*
Idaho	72,785	*23*	79,263	*17*	59,035	*41*	8.9	*15*	1.2	*25*
Illinois	76,708	*18*	75,756	*26*	70,953	*16*	9.4	*18*	0.8	*38*
Indiana	66,785	*39*	72,737	*34*	60,038	*39*	10.9	*28*	2.0	*6*
Iowa	69,588	*32*	78,700	*19*	62,351	*33*	9.4	*18*	2.0	*6*
Kansas	68,925	*35*	76,617	*23*	63,732	*30*	9.0	*17*	1.2	*25*
Kentucky	59,341	*47*	66,410	*46*	54,326	*48*	15.8	*46*	1.2	*25*
Louisiana	55,416	*49*	61,186	*49*	57,100	*44*	16.9	*49*	2.8	*1*
Maine	69,543	*33*	68,964	*41*	63,117	*31*	8.9	*15*	0.9	*36*
Maryland	94,991	*3*	90,504	*2*	73,849	*11*	8.6	*11*	1.1	*33*
Massachusetts	94,488	*4*	86,375	*7*	87,812	*2*	8.5	*9*	1.3	*23*
Michigan	66,986	*38*	71,698	*36*	59,714	*40*	11.7	*34*	1.6	*15*
Minnesota	82,338	*14*	84,257	*8*	71,866	*14*	7.7	*3*	1.2	*25*
Mississippi	52,719	*51*	60,369	*51*	48,110	*51*	17.8	*50*	2.5	*3*
Missouri	64,811	*42*	71,128	*38*	61,302	*35*	11.5	*31*	1.3	*23*
Montana	67,631	*36*	74,924	*28*	63,918	*29*	10.7	*26*	0.8	*38*
Nebraska	69,597	*31*	77,497	*21*	67,800	*20*	8.1	*5*	1.9	*12*
Nevada	72,333	*24*	75,047	*27*	65,168	*26*	12.6	*37*	0.4	*48*
New Hampshire	89,992	*8*	83,602	*11*	77,260	*10*	7.1	*1*	1.2	*25*
New Jersey	96,346	*2*	88,588	*4*	80,724	*4*	8.2	*6*	1.7	*13*
New Mexico	59,726	*44*	65,647	*47*	54,428	*46*	18.2	*51*	1.5	*18*
New York	79,557	*17*	73,938	*32*	79,581	*7*	12.4	*36*	0.8	*38*
North Carolina	67,481	*37*	71,633	*37*	60,484	*37*	13.3	*40*	2.3	*5*
North Dakota	71,970	*26*	81,179	*16*	73,341	*12*	9.6	*21*	1.2	*25*
Ohio	65,720	*40*	71,864	*35*	60,402	*38*	11.5	*31*	1.6	*15*
Oklahoma	59,673	*46*	67,221	*45*	58,499	*43*	15.8	*46*	1.4	*22*
Oregon	75,657	*19*	70,996	*40*	65,426	*23*	9.5	*20*	0.4	*48*
Pennsylvania	71,798	*27*	74,620	*30*	67,839	*19*	10.8	*27*	2.0	*6*
Rhode Island	81,854	*16*	78,180	*20*	66,480	*21*	8.8	*14*	2.5	*3*
South Carolina	64,115	*43*	68,535	*42*	56,123	*45*	13.3	*40*	2.0	*6*
South Dakota	69,728	*30*	79,244	*18*	70,353	*17*	9.7	*22*	1.1	*33*
Tennessee	65,254	*41*	71,085	*39*	61,049	*36*	11.4	*29*	2.0	*6*
Texas	72,284	*25*	74,128	*31*	65,422	*24*	13.7	*42*	1.5	*18*
Utah	89,168	*10*	94,387	*1*	62,823	*32*	7.1	*1*	0.7	*42*
Vermont	73,991	*21*	73,189	*33*	66,463	*22*	8.4	*8*	0.8	*38*
Virginia	85,873	*13*	84,076	*9*	72,855	*13*	8.6	*11*	2.0	*6*
Washington	91,306	*7*	83,120	*13*	79,659	*6*	8.3	*7*	0.6	*43*
West Virginia	54,329	*50*	60,876	*50*	52,585	*50*	15.6	*45*	1.2	*25*
Wisconsin	70,996	*28*	76,910	*22*	63,963	*28*	8.0	*4*	1.6	*15*
Wyoming	70,042	*29*	76,213	*24*	77,837	*9*	8.7	*13*	1.5	*18*

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Census Bureau

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Figure 9. Measures of Income, Poverty, and the Labor Force (2022) *continued*

State	Labor Force Measures											
	Average Years of Schooling	*Rank*	Labor Force Part. Rate	*Rank*	Women's Labor Force Part. Rate	*Rank*	Women 18-54 LF Part. Rate All Children Ages 0-4	*Rank*	Women 18-54 LF Part. Rate All Children Ages 5-14	*Rank*	Women 18-54 LF Part. Rate All Children Ages 0-14	*Rank*
UNITED STATES	13.85		62.2%		56.8%		70.4%		77.8%		72.5%	
Alabama	13.54	*44*	57.3	*47*	51.3	*48*	73.3	*20*	70.5	*50*	68.7	*43*
Alaska	13.75	*37*	64.6	*14*	60.8	*11*	65.5	*43*	78.4	*27*	68.1	*45*
Arizona	13.75	*36*	61.7	*30*	55.7	*35*	66.3	*40*	71.6	*49*	66.8	*48*
Arkansas	13.36	*49*	57.4	*46*	53.1	*45*	68.6	*34*	79.6	*23*	72.8	*26*
California	13.76	*35*	61.9	*29*	55.3	*39*	69.1	*32*	74.7	*40*	70.1	*36*
Colorado	14.38	*4*	68.6	*5*	63.2	*6*	72.8	*23*	77.1	*30*	73.6	*23*
Connecticut	14.18	*8*	65.3	*11*	60.6	*14*	76.1	*12*	82.5	*15*	77.5	*12*
Delaware	13.97	*17*	59.8	*40*	57.0	*29*	77.6	*8*	79.5	*25*	76.8	*15*
Dist. of Columbia	15.45	*1*	70.1	*1*	66.5	*1*	84.8	*1*	86.8	*3*	83.5	*3*
Florida	13.80	*29*	59.4	*42*	54.5	*42*	64.7	*46*	75.8	*37*	70.7	*33*
Georgia	13.82	*27*	61.7	*30*	55.8	*34*	66.5	*38*	75.2	*38*	69.7	*37*
Hawaii	13.95	*19*	59.8	*40*	55.6	*37*	69.0	*33*	73.7	*44*	68.8	*42*
Idaho	13.77	*33*	63.8	*23*	57.4	*26*	62.2	*49*	73.2	*46*	66.6	*50*
Illinois	13.96	*18*	64.6	*14*	60.1	*17*	81.1	*3*	84.8	*7*	79.0	*11*
Indiana	13.57	*43*	63.7	*24*	57.6	*24*	71.4	*25*	79.2	*26*	72.0	*30*
Iowa	13.81	*28*	68.4	*6*	63.2	*6*	75.0	*17*	86.1	*4*	83.8	*2*
Kansas	13.93	*20*	66.4	*9*	61.3	*8*	66.2	*41*	80.7	*20*	73.0	*24*
Kentucky	13.49	*46*	57.5	*45*	52.6	*46*	77.3	*10*	78.3	*28*	72.0	*31*
Louisiana	13.38	*48*	58.5	*43*	54.0	*44*	63.6	*48*	75.2	*39*	68.5	*44*
Maine	14.00	*15*	58.4	*44*	54.9	*40*	72.9	*22*	82.7	*13*	75.7	*18*
Maryland	14.29	*5*	65.2	*12*	59.3	*19*	76.1	*13*	85.8	*6*	77.3	*13*
Massachusetts	14.39	*3*	64.9	*13*	60.9	*10*	84.4	*2*	81.2	*18*	79.5	*7*
Michigan	13.79	*30*	59.9	*38*	54.8	*41*	71.3	*26*	76.7	*33*	71.9	*32*
Minnesota	14.14	*10*	68.3	*8*	63.9	*3*	79.8	*4*	83.9	*8*	81.3	*5*
Mississippi	13.36	*50*	55.1	*50*	51.1	*49*	74.2	*19*	76.9	*32*	72.8	*25*
Missouri	13.74	*38*	62.4	*28*	57.4	*26*	71.1	*27*	81.9	*16*	77.1	*14*
Montana	13.91	*22*	63.9	*21*	60.8	*11*	75.2	*16*	86.0	*5*	80.7	*6*
Nebraska	13.91	*21*	70.1	*1*	65.5	*2*	78.4	*7*	89.1	*2*	83.9	*1*
Nevada	13.41	*47*	61.0	*35*	55.7	*35*	70.9	*29*	71.8	*48*	69.5	*38*
New Hampshire	14.24	*6*	65.9	*10*	60.7	*13*	67.4	*36*	82.6	*14*	76.8	*16*
New Jersey	14.17	*9*	63.9	*21*	57.5	*25*	75.2	*15*	79.5	*24*	75.2	*20*
New Mexico	13.64	*41*	55.3	*49*	50.5	*50*	60.4	*50*	74.0	*43*	66.7	*49*
New York	14.00	*14*	60.3	*37*	55.4	*38*	69.4	*31*	77.1	*31*	72.1	*29*
North Carolina	13.89	*23*	60.7	*36*	56.1	*31*	66.0	*42*	76.5	*34*	72.2	*27*
North Dakota	13.84	*26*	68.9	*4*	63.8	*4*	78.9	*5*	83.8	*9*	79.4	*9*
Ohio	13.73	*39*	61.3	*33*	56.0	*32*	75.3	*14*	79.9	*22*	75.4	*19*
Oklahoma	13.52	*45*	61.1	*34*	55.9	*33*	71.0	*28*	76.4	*35*	68.8	*40*
Oregon	13.97	*16*	62.8	*27*	58.5	*22*	71.4	*24*	74.3	*42*	72.2	*28*
Pennsylvania	13.86	*24*	61.7	*30*	57.1	*28*	75.0	*18*	80.5	*21*	74.8	*21*
Rhode Island	14.03	*13*	64.0	*19*	60.6	*14*	78.4	*6*	83.5	*11*	79.1	*10*
South Carolina	13.78	*31*	56.3	*48*	52.1	*47*	64.8	*45*	72.7	*47*	68.0	*46*
South Dakota	13.77	*34*	69.7	*3*	63.6	*5*	77.1	*11*	90.1	*1*	81.9	*4*
Tennessee	13.63	*42*	59.9	*38*	54.2	*43*	65.3	*44*	73.5	*45*	68.9	*39*
Texas	13.65	*40*	64.0	*19*	56.8	*30*	66.9	*37*	77.2	*29*	70.7	*34*
Utah	14.06	*12*	68.4	*6*	59.9	*18*	56.8	*51*	68.2	*51*	60.8	*51*
Vermont	14.40	*2*	63.1	*26*	61.3	*8*	77.3	*9*	83.3	*12*	79.4	*8*
Virginia	14.21	*7*	64.5	*16*	60.6	*14*	68.6	*35*	81.7	*17*	73.7	*22*
Washington	14.13	*11*	64.3	*18*	58.6	*21*	64.0	*47*	76.1	*36*	67.7	*47*
West Virginia	13.32	*51*	53.9	*51*	49.5	*51*	66.3	*39*	74.4	*41*	68.8	*41*
Wisconsin	13.84	*25*	64.5	*16*	59.3	*19*	73.2	*21*	83.6	*10*	76.0	*17*
Wyoming	13.78	*32*	63.3	*25*	58.0	*23*	69.7	*30*	80.7	*19*	70.2	*35*

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Census Bureau

Report Summary

The third and final installment of the "Child Care in State Economies (2024)" series by CED highlights the critical role of organized child care in driving economic activity, enhancing workforce participation, and supporting regional economic development.

The report underscores the sector's substantial economic contributions, both directly and through spillover effects across the U.S. economy. In 2022, the U.S. child care industry generated $68.5 billion in economic output and directly employed over 1.5 million workers receiving $32.7 billion in total earnings. The industry also facilitated $24.1 billion in purchases of goods and services, further stimulating economic activity in related sectors. Through both direct and spillover effects, the child care sector supported a total economic impact of $152 billion in output, $57 billion in household earnings, and 2.2 million jobs in 2022.

The U.S. child care system is increasingly recognized as essential economic infrastructure, vital to supporting the workforce and fostering regional and national economic growth.

Concerns remain for many families over the ability of parents to participate continually in the workforce. The report reveals that 12.2% of young children lived in a household where a parent experienced a significant job disruption in 2022 due to child care challenges, highlighting the ongoing need for accessible and affordable child care options.

The primary economic function of child care remains to enable greater labor force participation, particularly among mothers with young children. The link between labor force participation and economic wellbeing has remained strong over multiple decades at the state level. States with higher labor force participation rates and educational attainment levels typically have lower poverty rates and higher median incomes. States with higher income and education levels also tend to have a far higher share of children in paid care. The findings illustrate the strong interrelationship between child care accessibility and economic gains.

Finally, empirical estimates of economic growth effects from increased labor force attachment continue to suggest that changes in labor force participation are associated with expected future changes in both income and paid child care usage. For policymakers, the benefits of increased labor force participation extend beyond social welfare objectives and include a significant economic response in the form of increased income per capita.

The overall findings provide an economic rationale for prioritizing access to affordable child care as part of a broader economic development strategy. The U.S. child care system is increasingly recognized as essential economic infrastructure, vital to supporting the workforce and fostering regional and national economic growth. Understanding and adapting to the evolving dynamics of the child care sector is crucial for ensuring its continued contribution to the economy.

Data Appendix

Figure A1. Key Child Care Industry Characteristics

Figure A2. State Rankings of Key Child Care Industry Characteristics

Figure A3. Non-Employer Child Care Establishments by State

Sources: Figures A1 and A2	
Measure	**Source**
Population Population Children Ages 0-4 Population Share Children Ages 0-4 Children in Paid Care Ages 0-4 Share of Children in Paid Care	U.S. Census Bureau - Current Population Survey: March Annual Social and Economic Supplement and RegionTrack calculations
Overall Labor Force Participation Rate Women's Labor Force Participation Rate	U.S. Bureau of Labor Statistics
Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 0-4 Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 5-14 Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 0-14	U.S. Census Bureau - Current Population Survey: March Annual Social and Economic Supplement and RegionTrack calculations
Median Household Income	U.S. Census Bureau - American Community Survey (1-Year files) and RegionTrack calculations
Poverty Rate	U.S. Census Bureau (official poverty measure)
Average Years of Schooling	U.S. Census Bureau American Community Survey (1-Year files) and RegionTrack calculations Notes: See endnote 23 for a description of the methodology
Child Care Industry Revenue	U.S. Census Bureau – Quarterly Services Survey and RegionTrack calculations
Total Federal/State Child Care Assistance	U.S. Department of Health and Human Services, Administration for Children and Families; Internal Revenue Service; and CED and RegionTrack calculations. Notes: CCDF is the Child Care and Development Fund, TANF is the Temporary Assistance for Needy Families program, and SSBG is the Social Services Block Grant. CCDF is administered by the Office of Child Care. TANF is administered by the Office of Family Assistance. SSBG is administered by the Office of Community Services. All categories reflect direct spending on child care services. The FY2020 CCDF expenditures include $1.6 billion spent of the $3 billion appropriated under the CARES Act (P.L. 116-136, enacted March 2020). THE CDCTC is based on tax year 2020.

Figure A1. Key Child Care Industry Characteristics

Measure	Population		Population of Children Ages 0-4		Population Share of Children Ages 0-4		Children in Paid Care Ages 0-4		Share of Children Ages 0-4 in Paid Care	
Region	2022	*Rank*	2022	*Rank*	2022	*Rank*	2022	*Rank*	2022	*Rank*
UNITED STATES	330,631,702		18,473,252		5.6%		5,145,197		27.9%	
Alabama	4,993,711	*24*	291,337	*24*	5.8	*18*	43,661	*34*	15.0	*50*
Alaska	709,701	*48*	50,616	*48*	7.1	*3*	9,529	*48*	18.8	*45*
Arizona	7,247,847	*14*	376,151	*17*	5.2	*39*	80,976	*21*	21.5	*41*
Arkansas	3,007,034	*33*	175,608	*33*	5.8	*16*	44,493	*33*	25.3	*31*
California	38,767,197	*1*	2,053,350	*1*	5.3	*37*	514,169	*1*	25.0	*33*
Colorado	5,745,278	*21*	329,497	*19*	5.7	*21*	87,157	*20*	26.5	*27*
Connecticut	3,608,793	*29*	153,607	*35*	4.3	*51*	71,305	*25*	46.4	*2*
Delaware	1,037,732	*45*	51,853	*47*	5.0	*42*	15,917	*45*	30.7	*18*
Dist. of Columbia	655,245	*49*	39,244	*49*	6.0	*14*	23,811	*39*	60.7	*1*
Florida	22,236,473	*3*	1,083,758	*3*	4.9	*45*	270,513	*4*	25.0	*33*
Georgia	10,930,387	*8*	627,483	*8*	5.7	*20*	172,014	*9*	27.4	*26*
Hawaii	1,426,051	*40*	80,074	*40*	5.6	*25*	6,699	*51*	8.4	*51*
Idaho	1,951,539	*37*	116,337	*36*	6.0	*15*	27,117	*37*	23.3	*38*
Illinois	12,365,596	*6*	680,856	*6*	5.5	*30*	232,094	*6*	34.1	*10*
Indiana	6,805,274	*17*	397,144	*16*	5.8	*17*	134,830	*14*	33.9	*11*
Iowa	3,182,705	*31*	195,868	*29*	6.2	*12*	77,753	*22*	39.7	*7*
Kansas	2,862,175	*35*	183,241	*32*	6.4	*8*	56,073	*28*	30.6	*19*
Kentucky	4,463,298	*26*	247,929	*26*	5.6	*26*	51,439	*30*	20.7	*43*
Louisiana	4,522,013	*25*	284,943	*25*	6.3	*9*	72,416	*24*	25.4	*30*
Maine	1,384,352	*42*	68,717	*41*	5.0	*43*	17,344	*44*	25.2	*32*
Maryland	6,225,626	*18*	343,161	*18*	5.5	*29*	124,311	*15*	36.2	*9*
Massachusetts	6,871,694	*16*	297,531	*22*	4.3	*50*	122,229	*17*	41.1	*6*
Michigan	9,973,708	*10*	526,262	*11*	5.3	*38*	135,052	*13*	25.7	*29*
Minnesota	5,639,724	*22*	326,323	*20*	5.8	*19*	151,507	*10*	46.4	*2*
Mississippi	2,885,920	*34*	187,310	*31*	6.5	*6*	60,745	*26*	32.4	*15*
Missouri	6,059,285	*19*	410,820	*15*	6.8	*4*	122,779	*16*	29.9	*20*
Montana	1,119,967	*43*	53,920	*45*	4.8	*46*	17,606	*43*	32.7	*14*
Nebraska	1,945,608	*38*	110,804	*37*	5.7	*22*	48,127	*32*	43.4	*4*
Nevada	3,174,270	*32*	168,911	*34*	5.3	*36*	48,747	*31*	28.9	*24*
New Hampshire	1,389,608	*41*	65,280	*42*	4.7	*47*	15,001	*46*	23.0	*39*
New Jersey	9,164,999	*11*	468,486	*12*	5.1	*41*	138,263	*12*	29.5	*22*
New Mexico	2,117,102	*36*	109,567	*38*	5.2	*40*	18,080	*42*	16.5	*47*
New York	19,510,006	*4*	1,053,986	*4*	5.4	*33*	307,150	*3*	29.1	*23*
North Carolina	10,749,929	*9*	586,578	*9*	5.5	*32*	142,477	*11*	24.3	*36*
North Dakota	764,205	*47*	58,598	*44*	7.7	*1*	22,329	*40*	38.1	*8*
Ohio	11,649,925	*7*	646,940	*7*	5.6	*27*	214,187	*7*	33.1	*12*
Oklahoma	3,963,647	*28*	244,704	*27*	6.2	*11*	38,131	*35*	15.6	*48*
Oregon	4,238,408	*27*	188,622	*30*	4.5	*48*	56,172	*27*	29.8	*21*
Pennsylvania	12,737,302	*5*	718,692	*5*	5.6	*23*	236,243	*5*	32.9	*13*
Rhode Island	1,070,966	*44*	52,916	*46*	4.9	*44*	10,200	*47*	19.3	*44*
South Carolina	5,272,247	*23*	297,458	*23*	5.6	*24*	53,252	*29*	17.9	*46*
South Dakota	886,831	*46*	60,003	*43*	6.8	*5*	25,669	*38*	42.8	*5*
Tennessee	7,017,378	*15*	429,821	*13*	6.1	*13*	91,874	*19*	21.4	*42*
Texas	29,976,529	*2*	1,925,393	*2*	6.4	*7*	509,267	*2*	26.5	*27*
Utah	3,338,919	*30*	243,905	*28*	7.3	*2*	37,072	*36*	15.2	*49*
Vermont	642,555	*50*	28,172	*51*	4.4	*49*	9,041	*49*	32.1	*17*
Virginia	8,502,198	*12*	531,770	*10*	6.3	*10*	172,494	*8*	32.4	*15*
Washington	7,712,512	*13*	411,573	*14*	5.3	*35*	102,406	*18*	24.9	*35*
West Virginia	1,753,958	*39*	96,720	*39*	5.5	*28*	21,976	*41*	22.7	*40*
Wisconsin	5,811,749	*20*	310,688	*21*	5.3	*34*	74,850	*23*	24.1	*37*
Wyoming	562,526	*51*	30,727	*50*	5.5	*31*	8,652	*50*	28.2	*25*

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Figure A1. Key Child Care Industry Characteristics *continued*

Measure	Overall Labor Force Participation Rate		Women's Labor Force Participation Rate		Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 0-4		Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 5-14		Labor Force Participation Rate Mothers Ages 18-54 with Children Ages 0-14	
Region	**2022**	***Rank***	**2022**	***Rank***	**2022**	***Rank***	**2022**	***Rank***	**2022**	***Rank***
UNITED STATES	62.8%		56.8%		70.4%		77.8%		72.5%	
Alabama	57.0	*49*	51.3	*48*	73.3	*20*	70.5	*50*	68.7	*43*
Alaska	66.5	*15*	60.8	*11*	65.5	*43*	78.4	*27*	68.1	*45*
Arizona	60.2	*41*	55.7	*35*	66.3	*40*	71.6	*49*	66.8	*48*
Arkansas	58.1	*47*	53.1	*45*	68.6	*34*	79.6	*23*	72.8	*26*
California	62.2	*36*	55.3	*39*	69.1	*32*	74.7	*40*	70.1	*36*
Colorado	67.0	*12*	63.2	*6*	72.8	*23*	77.1	*30*	73.6	*23*
Connecticut	66.1	*16*	60.6	*14*	76.1	*12*	82.5	*15*	77.5	*12*
Delaware	62.6	*31*	57.0	*29*	77.6	*8*	79.5	*25*	76.8	*15*
Dist. of Columbia	70.1	*3*	66.5	*1*	84.8	*1*	86.8	*3*	83.5	*3*
Florida	59.2	*44*	54.5	*42*	64.7	*46*	75.8	*37*	70.7	*33*
Georgia	62.4	*34*	55.8	*34*	66.5	*38*	75.2	*38*	69.7	*37*
Hawaii	62.5	*33*	55.6	*37*	69.0	*33*	73.7	*44*	68.8	*42*
Idaho	64.0	*23*	57.4	*26*	62.2	*49*	73.2	*46*	66.6	*50*
Illinois	65.1	*18*	60.1	*17*	81.1	*3*	84.8	*7*	79.0	*11*
Indiana	64.7	*21*	57.6	*24*	71.4	*25*	79.2	*26*	72.0	*30*
Iowa	69.5	*4*	63.2	*6*	75.0	*17*	86.1	*4*	83.8	*2*
Kansas	67.2	*10*	61.3	*8*	66.2	*41*	80.7	*20*	73.0	*24*
Kentucky	58.2	*46*	52.6	*46*	77.3	*10*	78.3	*28*	72.0	*31*
Louisiana	59.2	*43*	54.0	*44*	63.6	*48*	75.2	*39*	68.5	*44*
Maine	63.2	*28*	54.9	*40*	72.9	*22*	82.7	*13*	75.7	*18*
Maryland	67.1	*11*	59.3	*19*	76.1	*13*	85.8	*6*	77.3	*13*
Massachusetts	65.2	*17*	60.9	*10*	84.4	*2*	81.2	*18*	79.5	*7*
Michigan	61.3	*39*	54.8	*41*	71.3	*26*	76.7	*33*	71.9	*32*
Minnesota	70.3	*2*	63.9	*3*	79.8	*4*	83.9	*8*	81.3	*5*
Mississippi	56.0	*50*	51.1	*49*	74.2	*19*	76.9	*32*	72.8	*25*
Missouri	64.8	*20*	57.4	*26*	71.1	*27*	81.9	*16*	77.1	*14*
Montana	63.5	*27*	60.8	*11*	75.2	*16*	86.0	*5*	80.7	*6*
Nebraska	69.4	*5*	65.5	*2*	78.4	*7*	89.1	*2*	83.9	*1*
Nevada	62.3	*35*	55.7	*35*	70.9	*29*	71.8	*48*	69.5	*38*
New Hampshire	68.4	*9*	60.7	*13*	67.4	*36*	82.6	*14*	76.8	*16*
New Jersey	63.6	*25*	57.5	*25*	75.2	*15*	79.5	*24*	75.2	*20*
New Mexico	57.6	*48*	50.5	*50*	60.4	*50*	74.0	*43*	66.7	*49*
New York	60.8	*40*	55.4	*38*	69.4	*31*	77.1	*31*	72.1	*29*
North Carolina	61.4	*37*	56.1	*31*	66.0	*42*	76.5	*34*	72.2	*27*
North Dakota	71.3	*1*	63.8	*4*	78.9	*5*	83.8	*9*	79.4	*9*
Ohio	62.8	*30*	56.0	*32*	75.3	*14*	79.9	*22*	75.4	*19*
Oklahoma	61.3	*38*	55.9	*33*	71.0	*28*	76.4	*35*	68.8	*40*
Oregon	62.6	*32*	58.5	*22*	71.4	*24*	74.3	*42*	72.2	*28*
Pennsylvania	63.1	*29*	57.1	*28*	75.0	*18*	80.5	*21*	74.8	*21*
Rhode Island	64.5	*22*	60.6	*14*	78.4	*6*	83.5	*11*	79.1	*10*
South Carolina	59.0	*45*	52.1	*47*	64.8	*45*	72.7	*47*	68.0	*46*
South Dakota	69.2	*6*	63.6	*5*	77.1	*11*	90.1	*1*	81.9	*4*
Tennessee	60.1	*42*	54.2	*43*	65.3	*44*	73.5	*45*	68.9	*39*
Texas	63.7	*24*	56.8	*30*	66.9	*37*	77.2	*29*	70.7	*34*
Utah	68.8	*7*	59.9	*18*	56.8	*51*	68.2	*51*	60.8	*51*
Vermont	67.0	*13*	61.3	*8*	77.3	*9*	83.3	*12*	79.4	*8*
Virginia	64.8	*19*	60.6	*14*	68.6	*35*	81.7	*17*	73.7	*22*
Washington	63.6	*26*	58.6	*21*	64.0	*47*	76.1	*36*	67.7	*47*
West Virginia	53.1	*51*	49.5	*51*	66.3	*39*	74.4	*41*	68.8	*41*
Wisconsin	68.6	*8*	59.3	*19*	73.2	*21*	83.6	*10*	76.0	*17*
Wyoming	66.7	*14*	58.0	*23*	69.7	*30*	80.7	*19*	70.2	*35*

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Figure A1. Key Child Care Industry Characteristics *continued*

Measure	Median Household Income		Poverty Rate		Average Years of Schooling		Child Care Industry Revenue (millions)		Total Federal/State Child Care Assistance	
Region	**2022**	***Rank***	**2022**	***Rank***	**2022**	***Rank***	**2022**	***Rank***	**Primarily FY 2020**	***Rank***
UNITED STATES	$75,358		11.5%		13.85		$58,931		$21,379,175,765	
Alabama	59,674	*45*	14.8	*44*	13.54	*44*	461.1	*31*	290,280,531	*21*
Alaska	88,121	*12*	11.5	*31*	13.75	*37*	109.9	*48*	57,541,581	*45*
Arizona	74,568	*20*	12.1	*35*	13.75	*36*	661.0	*26*	358,855,308	*20*
Arkansas	55,432	*48*	15.9	*48*	13.36	*49*	219.3	*39*	135,849,147	*35*
California	91,551	*6*	11.4	*29*	13.76	*35*	7,256.1	*1*	2,719,610,897	*1*
Colorado	89,302	*9*	8.5	*9*	14.38	*4*	1,118.9	*20*	241,243,355	*24*
Connecticut	88,429	*11*	9.8	*23*	14.18	*8*	1,420.6	*17*	222,002,491	*27*
Delaware	82,174	*15*	10.5	*25*	13.97	*17*	157.3	*45*	83,994,501	*41*
Dist. of Columbia	101,027	*1*	14.7	*43*	15.45	*1*	393.0	*33*	88,812,623	*39*
Florida	69,303	*34*	13.1	*39*	13.80	*29*	2,902.5	*4*	1,369,171,661	*4*
Georgia	72,837	*22*	13.0	*38*	13.82	*27*	1,690.0	*13*	573,660,446	*11*
Hawaii	92,458	*5*	10.2	*24*	13.95	*19*	83.9	*50*	55,656,280	*46*
Idaho	72,785	*23*	8.9	*15*	13.77	*33*	277.5	*35*	78,641,641	*42*
Illinois	76,708	*18*	9.4	*18*	13.96	*18*	2,408.7	*8*	1,144,284,935	*6*
Indiana	66,785	*39*	10.9	*28*	13.57	*43*	1,232.0	*19*	469,753,198	*14*
Iowa	69,588	*32*	9.4	*18*	13.81	*28*	1,024.5	*21*	202,816,847	*28*
Kansas	68,925	*35*	9.0	*17*	13.93	*20*	582.0	*27*	117,281,448	*36*
Kentucky	59,341	*47*	15.8	*46*	13.49	*46*	533.3	*28*	222,837,945	*25*
Louisiana	55,416	*49*	16.9	*49*	13.38	*48*	532.8	*29*	222,664,779	*26*
Maine	69,543	*33*	8.9	*15*	14.00	*15*	260.9	*37*	84,866,871	*40*
Maryland	94,991	*3*	8.6	*11*	14.29	*5*	1,770.1	*12*	360,350,189	*19*
Massachusetts	94,488	*4*	8.5	*9*	14.39	*3*	2,447.2	*6*	698,286,138	*9*
Michigan	66,986	*38*	11.7	*34*	13.79	*30*	1,437.0	*16*	425,318,931	*15*
Minnesota	82,338	*14*	7.7	*3*	14.14	*10*	2,059.2	*10*	416,714,373	*16*
Mississippi	52,719	*51*	17.8	*50*	13.36	*50*	322.7	*34*	149,370,562	*34*
Missouri	64,811	*42*	11.5	*31*	13.74	*38*	1,586.8	*14*	270,182,289	*22*
Montana	67,631	*36*	10.7	*26*	13.91	*22*	182.0	*44*	49,759,544	*48*
Nebraska	69,597	*31*	8.1	*5*	13.91	*21*	440.9	*32*	100,406,364	*37*
Nevada	72,333	*24*	12.6	*37*	13.41	*47*	495.0	*30*	150,957,296	*33*
New Hampshire	89,992	*8*	7.1	*1*	14.24	*6*	229.5	*38*	54,355,626	*47*
New Jersey	96,346	*2*	8.2	*6*	14.17	*9*	1,544.9	*15*	649,071,345	*10*
New Mexico	59,726	*44*	18.2	*51*	13.64	*41*	108.8	*49*	166,458,529	*32*
New York	79,557	*17*	12.4	*36*	14.00	*14*	3,384.3	*3*	1,675,476,989	*2*
North Carolina	67,481	*37*	13.3	*40*	13.89	*23*	1,267.6	*18*	845,168,292	*8*
North Dakota	71,970	*26*	9.6	*21*	13.84	*26*	199.3	*41*	30,449,567	*50*
Ohio	65,720	*40*	11.5	*31*	13.73	*39*	2,079.2	*9*	1,006,003,712	*7*
Oklahoma	59,673	*46*	15.8	*46*	13.52	*45*	274.9	*36*	269,801,169	*23*
Oregon	75,657	*19*	9.5	*20*	13.97	*16*	784.7	*24*	171,476,727	*31*
Pennsylvania	71,798	*27*	10.8	*27*	13.86	*24*	2,434.9	*7*	1,149,064,630	*5*
Rhode Island	81,854	*16*	8.8	*14*	14.03	*13*	121.8	*46*	72,352,906	*44*
South Carolina	64,115	*43*	13.3	*40*	13.78	*31*	727.1	*25*	190,092,871	*29*
South Dakota	69,728	*30*	9.7	*22*	13.77	*34*	206.5	*40*	39,057,291	*49*
Tennessee	65,254	*41*	11.4	*29*	13.63	*42*	1,019.4	*22*	405,711,493	*17*
Texas	72,284	*25*	13.7	*42*	13.65	*40*	4,300.4	*2*	1,421,040,721	*3*
Utah	89,168	*10*	7.1	*1*	14.06	*12*	182.7	*43*	175,601,044	*30*
Vermont	73,991	*21*	8.4	*8*	14.40	*2*	117.1	*47*	72,847,756	*43*
Virginia	85,873	*13*	8.6	*11*	14.21	*7*	2,779.8	*5*	390,832,380	*18*
Washington	91,306	*7*	8.3	*7*	14.13	*11*	1,861.7	*11*	524,411,253	*12*
West Virginia	54,329	*50*	15.6	*45*	13.32	*51*	186.6	*42*	99,847,591	*38*
Wisconsin	70,996	*28*	8.0	*4*	13.84	*25*	986.6	*23*	521,803,204	*13*
Wyoming	70,042	*29*	8.7	*13*	13.78	*32*	67.7	*51*	25,752,218	*51*

Figure A2. State Rankings of Key Child Care Industry Characteristics

Population			Population Children Ages 0-4			Population Share Children Ages 0-4			Children in Paid Care Ages 0-4		
Rank	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022
	UNITED STATES	330,631,702		UNITED STATES	18,473,252		UNITED STATES	5.6%		UNITED STATES	5,145,197
1	Alabama	38,767,197	*1*	California	2,053,350	*1*	North Dakota	7.7%	*1*	California	514,169
2	Alaska	29,976,529	*2*	Texas	1,925,393	*2*	Utah	7.3%	*2*	Texas	509,267
3	Arizona	22,236,473	*3*	Florida	1,083,758	*3*	Alaska	7.1%	*3*	New York	307,150
4	Arkansas	19,510,006	*4*	New York	1,053,986	*4*	Missouri	6.8%	*4*	Florida	270,513
5	California	12,737,302	*5*	Pennsylvania	718,692	*5*	South Dakota	6.8%	*5*	Pennsylvania	236,243
6	Colorado	12,365,596	*6*	Illinois	680,856	*6*	Mississippi	6.5%	*6*	Illinois	232,094
7	Connecticut	11,649,925	*7*	Ohio	646,940	*7*	Texas	6.4%	*7*	Ohio	214,187
8	Delaware	10,930,387	*8*	Georgia	627,483	*8*	Kansas	6.4%	*8*	Virginia	172,494
9	Dist. of Columbia	10,749,929	*9*	North Carolina	586,578	*9*	Louisiana	6.3%	*9*	Georgia	172,014
10	Florida	9,973,708	*10*	Virginia	531,770	*10*	Virginia	6.3%	*10*	Minnesota	151,507
11	Georgia	9,164,999	*11*	Michigan	526,262	*11*	Oklahoma	6.2%	*11*	North Carolina	142,477
12	Hawaii	8,502,198	*12*	New Jersey	468,486	*12*	Iowa	6.2%	*12*	New Jersey	138,263
13	Idaho	7,712,512	*13*	Tennessee	429,821	*13*	Tennessee	6.1%	*13*	Michigan	135,052
14	Illinois	7,247,847	*14*	Washington	411,573	*14*	Dist. of Columbia	6.0%	*14*	Indiana	134,830
15	Indiana	7,017,378	*15*	Missouri	410,820	*15*	Idaho	6.0%	*15*	Maryland	124,311
16	Iowa	6,871,694	*16*	Indiana	397,144	*16*	Arkansas	5.8%	*16*	Missouri	122,779
17	Kansas	6,805,274	*17*	Arizona	376,151	*17*	Indiana	5.8%	*17*	Massachusetts	122,229
18	Kentucky	6,225,626	*18*	Maryland	343,161	*18*	Alabama	5.8%	*18*	Washington	102,406
19	Louisiana	6,059,285	*19*	Colorado	329,497	*19*	Minnesota	5.8%	*19*	Tennessee	91,874
20	Maine	5,811,749	*20*	Minnesota	326,323	*20*	Georgia	5.7%	*20*	Colorado	87,157
21	Maryland	5,745,278	*21*	Wisconsin	310,688	*21*	Colorado	5.7%	*21*	Arizona	80,976
22	Massachusetts	5,639,724	*22*	Massachusetts	297,531	*22*	Nebraska	5.7%	*22*	Iowa	77,753
23	Michigan	5,272,247	*23*	South Carolina	297,458	*23*	Pennsylvania	5.6%	*23*	Wisconsin	74,850
24	Minnesota	4,993,711	*24*	Alabama	291,337	*24*	South Carolina	5.6%	*24*	Louisiana	72,416
25	Mississippi	4,522,013	*25*	Louisiana	284,943	*25*	Hawaii	5.6%	*25*	Connecticut	71,305
26	Missouri	4,463,298	*26*	Kentucky	247,929	*26*	Kentucky	5.6%	*26*	Mississippi	60,745
27	Montana	4,238,408	*27*	Oklahoma	244,704	*27*	Ohio	5.6%	*27*	Oregon	56,172
28	Nebraska	3,963,647	*28*	Utah	243,905	*28*	West Virginia	5.5%	*28*	Kansas	56,073
29	Nevada	3,608,793	*29*	Iowa	195,868	*29*	Maryland	5.5%	*29*	South Carolina	53,252
30	New Hampshire	3,338,919	*30*	Oregon	188,622	*30*	Illinois	5.5%	*30*	Kentucky	51,439
31	New Jersey	3,182,705	*31*	Mississippi	187,310	*31*	Wyoming	5.5%	*31*	Nevada	48,747
32	New Mexico	3,174,270	*32*	Kansas	183,241	*32*	North Carolina	5.5%	*32*	Nebraska	48,127
33	New York	3,007,034	*33*	Arkansas	175,608	*33*	New York	5.4%	*33*	Arkansas	44,493
34	North Carolina	2,885,920	*34*	Nevada	168,911	*34*	Wisconsin	5.3%	*34*	Alabama	43,661
35	North Dakota	2,862,175	*35*	Connecticut	153,607	*35*	Washington	5.3%	*35*	Oklahoma	38,131
36	Ohio	2,117,102	*36*	Idaho	116,337	*36*	Nevada	5.3%	*36*	Utah	37,072
37	Oklahoma	1,951,539	*37*	Nebraska	110,804	*37*	California	5.3%	*37*	Idaho	27,117
38	Oregon	1,945,608	*38*	New Mexico	109,567	*38*	Michigan	5.3%	*38*	South Dakota	25,669
39	Pennsylvania	1,753,958	*39*	West Virginia	96,720	*39*	Arizona	5.2%	*39*	Dist. of Columbia	23,811
40	Rhode Island	1,426,051	*40*	Hawaii	80,074	*40*	New Mexico	5.2%	*40*	North Dakota	22,329
41	South Carolina	1,389,608	*41*	Maine	68,717	*41*	New Jersey	5.1%	*41*	West Virginia	21,976
42	South Dakota	1,384,352	*42*	New Hampshire	65,280	*42*	Delaware	5.0%	*42*	New Mexico	18,080
43	Tennessee	1,119,967	*43*	South Dakota	60,003	*43*	Maine	5.0%	*43*	Montana	17,606
44	Texas	1,070,966	*44*	North Dakota	58,598	*44*	Rhode Island	4.9%	*44*	Maine	17,344
45	Utah	1,037,732	*45*	Montana	53,920	*45*	Florida	4.9%	*45*	Delaware	15,917
46	Vermont	886,831	*46*	Rhode Island	52,916	*46*	Montana	4.8%	*46*	New Hampshire	15,001
47	Virginia	764,205	*47*	Delaware	51,853	*47*	New Hampshire	4.7%	*47*	Rhode Island	10,200
48	Washington	709,701	*48*	Alaska	50,616	*48*	Oregon	4.5%	*48*	Alaska	9,529
49	West Virginia	655,245	*49*	Dist. of Columbia	39,244	*49*	Vermont	4.4%	*49*	Vermont	9,041
50	Wisconsin	642,555	*50*	Wyoming	30,727	*50*	Massachusetts	4.3%	*50*	Wyoming	8,652
51	Wyoming	562,526	*51*	Vermont	28,172	*51*	Connecticut	4.3%	*51*	Hawaii	6,699

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Figure A2. State Rankings of Key Child Care Industry Characteristics *continued*

Share of Children in Paid Care Ages 0-4			Overall Labor Force Participation Rate			Women's Labor Force Participation Rate			Labor Force Participation Rate Mothers Ages 18-54 With Children Ages 0-4		
Rank	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022
	UNITED STATES	27.9%		UNITED STATES	62.8%		UNITED STATES	56.8%		UNITED STATES	70.4%
1	Dist. of Columbia	60.7	*1*	North Dakota	71.3	*1*	Dist. of Columbia	66.5	*1*	Dist. of Columbia	84.8
2	Connecticut	46.4	*2*	Minnesota	70.3	*2*	Nebraska	65.5	*2*	Massachusetts	84.4
3	Minnesota	46.4	*3*	Dist. of Columbia	70.1	*3*	Minnesota	63.9	*3*	Illinois	81.1
4	Nebraska	43.4	*4*	Iowa	69.5	*4*	North Dakota	63.8	*4*	Minnesota	79.8
5	South Dakota	42.8	*5*	Nebraska	69.4	*5*	South Dakota	63.6	*5*	North Dakota	78.9
6	Massachusetts	41.1	*6*	South Dakota	69.2	*6*	Colorado	63.2	*6*	Rhode Island	78.4
7	Iowa	39.7	*7*	Utah	68.8	*7*	Iowa	63.2	*7*	Nebraska	78.4
8	North Dakota	38.1	*8*	Wisconsin	68.6	*8*	Kansas	61.3	*8*	Delaware	77.6
9	Maryland	36.2	*9*	New Hampshire	68.4	*9*	Vermont	61.3	*9*	Vermont	77.3
10	Illinois	34.1	*10*	Kansas	67.2	*10*	Massachusetts	60.9	*10*	Kentucky	77.3
11	Indiana	33.9	*11*	Maryland	67.1	*11*	Alaska	60.8	*11*	South Dakota	77.1
12	Ohio	33.1	*12*	Colorado	67.0	*12*	Montana	60.8	*12*	Connecticut	76.1
13	Pennsylvania	32.9	*13*	Vermont	67.0	*13*	New Hampshire	60.7	*13*	Maryland	76.1
14	Montana	32.7	*14*	Wyoming	66.7	*14*	Connecticut	60.6	*14*	Ohio	75.3
15	Mississippi	32.4	*15*	Alaska	66.5	*15*	Rhode Island	60.6	*15*	New Jersey	75.2
16	Virginia	32.4	*16*	Connecticut	66.1	*16*	Virginia	60.6	*16*	Montana	75.2
17	Vermont	32.1	*17*	Massachusetts	65.2	*17*	Illinois	60.1	*17*	Iowa	75.0
18	Delaware	30.7	*18*	Illinois	65.1	*18*	Utah	59.9	*18*	Pennsylvania	75.0
19	Kansas	30.6	*19*	Virginia	64.8	*19*	Maryland	59.3	*19*	Mississippi	74.2
20	Missouri	29.9	*20*	Missouri	64.8	*20*	Wisconsin	59.3	*20*	Alabama	73.3
21	Oregon	29.8	*21*	Indiana	64.7	*21*	Washington	58.6	*21*	Wisconsin	73.2
22	New Jersey	29.5	*22*	Rhode Island	64.5	*22*	Oregon	58.5	*22*	Maine	72.9
23	New York	29.1	*23*	Idaho	64.0	*23*	Wyoming	58.0	*23*	Colorado	72.8
24	Nevada	28.9	*24*	Texas	63.7	*24*	Indiana	57.6	*24*	Oregon	71.4
25	Wyoming	28.2	*25*	New Jersey	63.6	*25*	New Jersey	57.5	*25*	Indiana	71.4
26	Georgia	27.4	*26*	Washington	63.6	*26*	Idaho	57.4	*26*	Michigan	71.3
27	Colorado	26.5	*27*	Montana	63.5	*27*	Missouri	57.4	*27*	Missouri	71.1
28	Texas	26.5	*28*	Maine	63.2	*28*	Pennsylvania	57.1	*28*	Oklahoma	71.0
29	Michigan	25.7	*29*	Pennsylvania	63.1	*29*	Delaware	57.0	*29*	Nevada	70.9
30	Louisiana	25.4	*30*	Ohio	62.8	*30*	Texas	56.8	*30*	Wyoming	69.7
31	Arkansas	25.3	*31*	Delaware	62.6	*31*	North Carolina	56.1	*31*	New York	69.4
32	Maine	25.2	*32*	Oregon	62.6	*32*	Ohio	56.0	*32*	California	69.1
33	California	25.0	*33*	Hawaii	62.5	*33*	Oklahoma	55.9	*33*	Hawaii	69.0
34	Florida	25.0	*34*	Georgia	62.4	*34*	Georgia	55.8	*34*	Arkansas	68.6
35	Washington	24.9	*35*	Nevada	62.3	*35*	Arizona	55.7	*35*	Virginia	68.6
36	North Carolina	24.3	*36*	California	62.2	*36*	Nevada	55.7	*36*	New Hampshire	67.4
37	Wisconsin	24.1	*37*	North Carolina	61.4	*37*	Hawaii	55.6	*37*	Texas	66.9
38	Idaho	23.3	*38*	Oklahoma	61.3	*38*	New York	55.4	*38*	Georgia	66.5
39	New Hampshire	23.0	*39*	Michigan	61.3	*39*	California	55.3	*39*	West Virginia	66.3
40	West Virginia	22.7	*40*	New York	60.8	*40*	Maine	54.9	*40*	Arizona	66.3
41	Arizona	21.5	*41*	Arizona	60.2	*41*	Michigan	54.8	*41*	Kansas	66.2
42	Tennessee	21.4	*42*	Tennessee	60.1	*42*	Florida	54.5	*42*	North Carolina	66.0
43	Kentucky	20.7	*43*	Louisiana	59.2	*43*	Tennessee	54.2	*43*	Alaska	65.5
44	Rhode Island	19.3	*44*	Florida	59.2	*44*	Louisiana	54.0	*44*	Tennessee	65.3
45	Alaska	18.8	*45*	South Carolina	59.0	*45*	Arkansas	53.1	*45*	South Carolina	64.8
46	South Carolina	17.9	*46*	Kentucky	58.2	*46*	Kentucky	52.6	*46*	Florida	64.7
47	New Mexico	16.5	*47*	Arkansas	58.1	*47*	South Carolina	52.1	*47*	Washington	64.0
48	Oklahoma	15.6	*48*	New Mexico	57.6	*48*	Alabama	51.3	*48*	Louisiana	63.6
49	Utah	15.2	*49*	Alabama	57.0	*49*	Mississippi	51.1	*49*	Idaho	62.2
50	Alabama	15.0	*50*	Mississippi	56.0	*50*	New Mexico	50.5	*50*	New Mexico	60.4
51	Hawaii	8.4	*51*	West Virginia	53.1	*51*	West Virginia	49.5	*51*	Utah	56.8

Table continues on the next page

Figure A2. State Rankings of Key Child Care Industry Characteristics *continued*

Labor Force Participation Rate Mothers Ages 18-54 With Children Ages 5-14			Labor Force Participation Rate Mothers Ages 18-54 With Children Ages 0-14			Median Household Income			Poverty Rate		
Rank	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022	*Rank*	Region	2022
	UNITED STATES	77.8%		UNITED STATES	72.5%		UNITED STATES	$75,358		UNITED STATES	11.5%
1	South Dakota	90.1	*1*	Nebraska	83.9	*1*	Dist. of Columbia	101,027	*1*	New Hampshire	7.1
2	Nebraska	89.1	*2*	Iowa	83.8	*2*	New Jersey	96,346	*1*	Utah	7.1
3	Dist. of Columbia	86.8	*3*	Dist. of Columbia	83.5	*3*	Maryland	94,991	*3*	Minnesota	7.7
4	Iowa	86.1	*4*	South Dakota	81.9	*4*	Massachusetts	94,488	*4*	Wisconsin	8.0
5	Montana	86.0	*5*	Minnesota	81.3	*5*	Hawaii	92,458	*5*	Nebraska	8.1
6	Maryland	85.8	*6*	Montana	80.7	*6*	California	91,551	*6*	New Jersey	8.2
7	Illinois	84.8	*7*	Massachusetts	79.5	*7*	Washington	91,306	*7*	Washington	8.3
8	Minnesota	83.9	*8*	Vermont	79.4	*8*	New Hampshire	89,992	*8*	Vermont	8.4
9	North Dakota	83.8	*9*	North Dakota	79.4	*9*	Colorado	89,302	*9*	Colorado	8.5
10	Wisconsin	83.6	*10*	Rhode Island	79.1	*10*	Utah	89,168	*9*	Massachusetts	8.5
11	Rhode Island	83.5	*11*	Illinois	79.0	*11*	Connecticut	88,429	*11*	Maryland	8.6
12	Vermont	83.3	*12*	Connecticut	77.5	*12*	Alaska	88,121	*11*	Virginia	8.6
13	Maine	82.7	*13*	Maryland	77.3	*13*	Virginia	85,873	*13*	Wyoming	8.7
14	New Hampshire	82.6	*14*	Missouri	77.1	*14*	Minnesota	82,338	*14*	Rhode Island	8.8
15	Connecticut	82.5	*15*	Delaware	76.8	*15*	Delaware	82,174	*15*	Idaho	8.9
16	Missouri	81.9	*16*	New Hampshire	76.8	*16*	Rhode Island	81,854	*15*	Maine	8.9
17	Virginia	81.7	*17*	Wisconsin	76.0	*17*	New York	79,557	*17*	Kansas	9.0
18	Massachusetts	81.2	*18*	Maine	75.7	*18*	Illinois	76,708	*18*	Illinois	9.4
19	Wyoming	80.7	*19*	Ohio	75.4	*19*	Oregon	75,657	*18*	Iowa	9.4
20	Kansas	80.7	*20*	New Jersey	75.2	*20*	Arizona	74,568	*20*	Oregon	9.5
21	Pennsylvania	80.5	*21*	Pennsylvania	74.8	*21*	Vermont	73,991	*21*	North Dakota	9.6
22	Ohio	79.9	*22*	Virginia	73.7	*22*	Georgia	72,837	*22*	South Dakota	9.7
23	Arkansas	79.6	*23*	Colorado	73.6	*23*	Idaho	72,785	*23*	Connecticut	9.8
24	New Jersey	79.5	*24*	Kansas	73.0	*24*	Nevada	72,333	*24*	Hawaii	10.2
25	Delaware	79.5	*25*	Mississippi	72.8	*25*	Texas	72,284	*25*	Delaware	10.5
26	Indiana	79.2	*26*	Arkansas	72.8	*26*	North Dakota	71,970	*26*	Montana	10.7
27	Alaska	78.4	*27*	North Carolina	72.2	*27*	Pennsylvania	71,798	*27*	Pennsylvania	10.8
28	Kentucky	78.3	*28*	Oregon	72.2	*28*	Wisconsin	70,996	*28*	Indiana	10.9
29	Texas	77.2	*29*	New York	72.1	*29*	Wyoming	70,042	*29*	California	11.4
30	Colorado	77.1	*30*	Indiana	72.0	*30*	South Dakota	69,728	*29*	Tennessee	11.4
31	New York	77.1	*31*	Kentucky	72.0	*31*	Nebraska	69,597	*31*	Alaska	11.5
32	Mississippi	76.9	*32*	Michigan	71.9	*32*	Iowa	69,588	*31*	Missouri	11.5
33	Michigan	76.7	*33*	Florida	70.7	*33*	Maine	69,543	*31*	Ohio	11.5
34	North Carolina	76.5	*34*	Texas	70.7	*34*	Florida	69,303	*34*	Michigan	11.7
35	Oklahoma	76.4	*35*	Wyoming	70.2	*35*	Kansas	68,925	*35*	Arizona	12.1
36	Washington	76.1	*36*	California	70.1	*36*	Montana	67,631	*36*	New York	12.4
37	Florida	75.8	*37*	Georgia	69.7	*37*	North Carolina	67,481	*37*	Nevada	12.6
38	Georgia	75.2	*38*	Nevada	69.5	*38*	Michigan	66,986	*38*	Georgia	13.0
39	Louisiana	75.2	*39*	Tennessee	68.9	*39*	Indiana	66,785	*39*	Florida	13.1
40	California	74.7	*40*	Oklahoma	68.8	*40*	Ohio	65,720	*40*	North Carolina	13.3
41	West Virginia	74.4	*41*	West Virginia	68.8	*41*	Tennessee	65,254	*40*	South Carolina	13.3
42	Oregon	74.3	*42*	Hawaii	68.8	*42*	Missouri	64,811	*42*	Texas	13.7
43	New Mexico	74.0	*43*	Alabama	68.7	*43*	South Carolina	64,115	*43*	Dist. of Columbia	14.7
44	Hawaii	73.7	*44*	Louisiana	68.5	*44*	New Mexico	59,726	*44*	Alabama	14.8
45	Tennessee	73.5	*45*	Alaska	68.1	*45*	Alabama	59,674	*45*	West Virginia	15.6
46	Idaho	73.2	*46*	South Carolina	68.0	*46*	Oklahoma	59,673	*46*	Kentucky	15.8
47	South Carolina	72.7	*47*	Washington	67.7	*47*	Kentucky	59,341	*46*	Oklahoma	15.8
48	Nevada	71.8	*48*	Arizona	66.8	*48*	Arkansas	55,432	*48*	Arkansas	15.9
49	Arizona	71.6	*49*	New Mexico	66.7	*49*	Louisiana	55,416	*49*	Louisiana	16.9
50	Alabama	70.5	*50*	Idaho	66.6	*50*	West Virginia	54,329	*50*	Mississippi	17.8
51	Utah	68.2	*51*	Utah	60.8	*51*	Mississippi	52,719	*51*	New Mexico	18.2

Table continues on the next page

Figure A2. State Rankings of Key Child Care Industry Characteristics *continued*

Average Years of Schooling			Child Care Industry Revenue (millions)			Total Federal/State Child Care Assistance		
Rank	Region	2022	*Rank*	Region	2022	*Rank*	Region	Primarily FY 2020
	UNITED STATES	13.85		UNITED STATES	$58,931.0		UNITED STATES	$21,379,175,765
1	Dist. of Columbia	15.45	*1*	California	7,256.1	*1*	California	2,719,610,897
2	Vermont	14.40	*2*	Texas	4,300.4	*2*	New York	1,675,476,989
3	Massachusetts	14.39	*3*	New York	3,384.3	*3*	Texas	1,421,040,721
4	Colorado	14.38	*4*	Florida	2,902.5	*4*	Florida	1,369,171,661
5	Maryland	14.29	*5*	Virginia	2,779.8	*5*	Pennsylvania	1,149,064,630
6	New Hampshire	14.24	*6*	Massachusetts	2,447.2	*6*	Illinois	1,144,284,935
7	Virginia	14.21	*7*	Pennsylvania	2,434.9	*7*	Ohio	1,006,003,712
8	Connecticut	14.18	*8*	Illinois	2,408.7	*8*	North Carolina	845,168,292
9	New Jersey	14.17	*9*	Ohio	2,079.2	*9*	Massachusetts	698,286,138
10	Minnesota	14.14	*10*	Minnesota	2,059.2	*10*	New Jersey	649,071,345
11	Washington	14.13	*11*	Washington	1,861.7	*11*	Georgia	573,660,446
12	Utah	14.06	*12*	Maryland	1,770.1	*12*	Washington	524,411,253
13	Rhode Island	14.03	*13*	Georgia	1,690.0	*13*	Wisconsin	521,803,204
14	New York	14.00	*14*	Missouri	1,586.8	*14*	Indiana	469,753,198
15	Maine	14.00	*15*	New Jersey	1,544.9	*15*	Michigan	425,318,931
16	Oregon	13.97	*16*	Michigan	1,437.0	*16*	Minnesota	416,714,373
17	Delaware	13.97	*17*	Connecticut	1,420.6	*17*	Tennessee	405,711,493
18	Illinois	13.96	*18*	North Carolina	1,267.6	*18*	Virginia	390,832,380
19	Hawaii	13.95	*19*	Indiana	1,232.0	*19*	Maryland	360,350,189
20	Kansas	13.93	*20*	Colorado	1,118.9	*20*	Arizona	358,855,308
21	Nebraska	13.91	*21*	Iowa	1,024.5	*21*	Alabama	290,280,531
22	Montana	13.91	*22*	Tennessee	1,019.4	*22*	Missouri	270,182,289
23	North Carolina	13.89	*23*	Wisconsin	986.6	*23*	Oklahoma	269,801,169
24	Pennsylvania	13.86	*24*	Oregon	784.7	*24*	Colorado	241,243,355
25	Wisconsin	13.84	*25*	South Carolina	727.1	*25*	Kentucky	222,837,945
26	North Dakota	13.84	*26*	Arizona	661.0	*26*	Louisiana	222,664,779
27	Georgia	13.82	*27*	Kansas	582.0	*27*	Connecticut	222,002,491
28	Iowa	13.81	*28*	Kentucky	533.3	*28*	Iowa	202,816,847
29	Florida	13.80	*29*	Louisiana	532.8	*29*	South Carolina	190,092,871
30	Michigan	13.79	*30*	Nevada	495.0	*30*	Utah	175,601,044
31	South Carolina	13.78	*31*	Alabama	461.1	*31*	Oregon	171,476,727
32	Wyoming	13.78	*32*	Nebraska	440.9	*32*	New Mexico	166,458,529
33	Idaho	13.77	*33*	Dist. of Columbia	393.0	*33*	Nevada	150,957,296
34	South Dakota	13.77	*34*	Mississippi	322.7	*34*	Mississippi	149,370,562
35	California	13.76	*35*	Idaho	277.5	*35*	Arkansas	135,849,147
36	Arizona	13.75	*36*	Oklahoma	274.9	*36*	Kansas	117,281,448
37	Alaska	13.75	*37*	Maine	260.9	*37*	Nebraska	100,406,364
38	Missouri	13.74	*38*	New Hampshire	229.5	*38*	West Virginia	99,847,591
39	Ohio	13.73	*39*	Arkansas	219.3	*39*	Dist. of Columbia	88,812,623
40	Texas	13.65	*40*	South Dakota	206.5	*40*	Maine	84,866,871
41	New Mexico	13.64	*41*	North Dakota	199.3	*41*	Delaware	83,994,501
42	Tennessee	13.63	*42*	West Virginia	186.6	*42*	Idaho	78,641,641
43	Indiana	13.57	*43*	Utah	182.7	*43*	Vermont	72,847,756
44	Alabama	13.54	*44*	Montana	182.0	*44*	Rhode Island	72,352,906
45	Oklahoma	13.52	*45*	Delaware	157.3	*45*	Alaska	57,541,581
46	Kentucky	13.49	*46*	Rhode Island	121.8	*46*	Hawaii	55,656,280
47	Nevada	13.41	*47*	Vermont	117.1	*47*	New Hampshire	54,355,626
48	Louisiana	13.38	*48*	Alaska	109.9	*48*	Montana	49,759,544
49	Arkansas	13.36	*49*	New Mexico	108.8	*49*	South Dakota	39,057,291
50	Mississippi	13.36	*50*	Hawaii	83.9	*50*	North Dakota	30,449,567
51	West Virginia	13.32	*51*	Wyoming	67.7	*51*	Wyoming	25,752,218

Figure A3. Non-Employer Child Care Establishments by State

State	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Alabama	5,025	5,137	5,749	6,278	6,979	7,244	7,348	7,550	7,026	6,807	6,566	6,611	6,200	5,649	6,703	6,523	5,641	6,554
Alaska	2,063	2,069	1,995	1,932	1,775	1,744	1,667	1,618	1,538	1,500	1,470	1,432	1,358	1,106	1,106	1,091	991	1,004
Arizona	9,537	10,057	9,857	10,158	10,404	10,927	11,569	12,161	11,221	11,474	11,368	11,220	10,572	9,266	10,624	10,234	8,688	9,614
Arkansas	3,891	4,058	4,085	4,229	4,242	4,473	4,690	4,796	4,587	4,787	4,781	4,584	4,481	3,853	4,428	4,325	3,642	4,007
California	102,984	104,950	103,745	110,510	111,492	118,524	120,810	116,595	103,417	103,362	100,678	94,492	86,889	80,528	87,280	85,147	84,654	90,830
Colorado	9,575	9,800	9,599	9,485	9,495	9,800	9,945	9,735	9,187	8,986	8,614	8,280	7,918	6,959	7,876	7,559	7,037	6,971
Connecticut	6,130	5,945	6,027	6,189	6,304	6,364	6,709	6,707	6,667	7,233	7,420	7,160	6,931	5,986	6,456	6,221	5,974	5,884
Delaware	1,804	1,795	1,769	1,761	1,676	1,574	1,448	1,468	1,329	1,301	1,263	1,197	1,110	1,020	1,081	998	939	922
Dist. of Col.	794	875	797	813	824	894	1,074	1,377	1,486	1,513	1,409	1,171	1,044	915	1,032	899	805	848
Florida	19,707	20,318	21,116	22,542	24,135	26,483	28,424	29,160	29,938	30,974	31,592	31,292	30,328	27,820	32,719	32,095	30,278	32,963
Georgia	14,745	16,802	17,928	19,111	20,691	22,379	23,436	23,897	22,933	23,643	23,197	22,263	20,758	18,726	21,428	20,763	17,998	22,744
Hawaii	1,145	1,197	1,166	1,165	1,240	1,232	1,184	1,122	1,102	1,087	1,024	951	932	773	905	896	791	805
Idaho	3,941	4,136	3,977	3,683	3,557	3,510	3,267	3,117	2,884	2,691	2,652	2,474	2,370	1,993	2,152	2,135	2,005	2,050
Illinois	44,665	46,092	45,405	44,572	46,865	49,017	50,929	51,317	47,254	45,997	45,837	43,597	37,958	33,078	33,519	31,222	28,856	29,759
Indiana	11,836	12,326	12,505	12,576	12,862	13,370	13,919	13,880	13,068	12,649	12,497	11,835	11,193	9,888	10,830	10,337	9,304	9,232
Iowa	13,706	14,005	14,229	13,967	13,857	13,540	13,500	13,174	12,426	12,078	11,602	11,281	10,746	9,947	9,983	9,510	9,007	8,715
Kansas	9,840	10,032	9,821	9,643	9,703	9,624	9,647	9,202	8,731	8,270	7,907	7,415	7,176	6,580	6,665	6,155	5,792	5,693
Kentucky	6,626	6,827	6,890	6,743	6,855	6,972	6,996	7,175	6,514	6,276	5,971	5,879	5,515	4,852	5,633	5,430	4,696	4,868
Louisiana	8,429	8,412	8,877	8,536	8,613	9,484	9,864	10,316	9,258	9,467	9,014	9,001	8,893	8,158	10,191	9,969	8,431	10,077
Maine	3,274	3,255	3,326	3,394	3,011	2,875	2,759	2,671	2,369	2,279	2,160	2,083	1,999	1,800	1,956	1,874	1,730	1,671
Maryland	13,358	13,236	13,088	13,513	13,688	14,112	14,650	15,021	14,776	15,565	15,580	14,200	12,756	11,497	12,104	11,715	11,225	10,807
Massachusetts	10,394	10,305	10,110	10,602	10,658	10,834	11,124	10,877	10,398	9,962	9,518	8,732	8,307	7,888	8,523	8,105	7,971	7,628
Michigan	35,927	37,524	38,041	36,354	35,741	33,321	31,485	29,003	25,535	23,202	20,736	18,955	17,539	15,935	17,279	16,465	14,411	14,852
Minnesota	20,132	20,418	20,434	20,154	20,189	19,943	19,872	19,455	17,558	16,796	15,979	15,113	14,434	13,231	13,477	12,382	11,506	10,849
Mississippi	4,206	4,597	5,231	5,779	6,390	7,538	8,570	9,064	8,529	8,931	8,626	8,562	7,895	7,488	8,266	7,963	6,159	6,906
Missouri	15,760	15,336	14,916	14,376	14,445	14,615	15,089	15,149	14,076	13,395	12,702	12,129	11,517	10,368	11,038	10,334	9,388	9,177
Montana	2,399	2,453	2,466	2,377	2,330	2,288	2,323	2,133	1,960	1,857	1,761	1,675	1,633	1,523	1,567	1,515	1,388	1,369
Nebraska	7,360	7,545	7,845	7,658	7,554	7,569	7,586	7,495	7,128	6,861	6,549	6,275	5,993	5,553	5,672	5,263	4,849	4,678
Nevada	2,525	2,845	2,989	3,051	3,358	4,097	4,436	4,931	4,628	5,306	5,431	5,303	5,193	4,574	5,341	5,349	4,770	6,206
New Hampshire	2,238	2,430	2,329	2,340	2,284	2,218	1,900	1,808	1,703	1,587	1,541	1,423	1,277	1,100	1,213	1,099	1,046	1,048
New Jersey	11,226	11,579	11,908	11,979	12,561	13,866	15,624	15,749	14,415	14,914	15,379	14,852	13,954	12,651	14,031	13,617	12,701	13,407
New Mexico	6,139	6,089	5,152	4,616	4,319	4,378	4,200	3,937	3,502	3,226	2,956	2,566	2,304	2,035	2,121	1,960	2,054	2,537
New York	71,140	71,346	73,274	70,542	70,833	73,742	77,378	77,138	71,698	72,391	69,612	64,678	58,069	51,562	52,865	49,173	42,820	37,765
North Carolina	11,213	11,794	11,818	12,330	12,703	13,295	14,009	14,539	13,981	14,159	13,915	13,397	12,990	11,381	13,104	12,750	11,497	11,934
North Dakota	3,158	3,089	3,074	3,002	3,019	2,948	2,950	2,928	2,751	2,796	2,790	2,638	2,572	2,351	2,415	2,285	2,048	2,094
Ohio	21,392	22,139	22,330	22,702	23,018	24,348	25,280	25,082	23,348	22,651	21,220	20,387	18,829	16,690	18,339	17,607	15,262	16,974
Oklahoma	6,849	7,138	6,863	6,470	6,148	6,129	6,276	6,061	5,580	5,397	5,333	5,097	5,049	4,624	5,092	4,906	4,760	5,172
Oregon	11,083	11,638	11,503	11,529	12,064	11,577	11,146	10,293	9,110	8,742	8,568	8,134	7,598	6,506	6,612	6,388	6,081	5,722
Pennsylvania	13,531	15,372	16,617	19,139	19,978	19,767	19,577	18,947	16,974	16,002	15,500	14,541	13,281	11,493	12,667	11,963	10,088	10,488
Rhode Island	1,960	1,902	2,014	2,071	2,096	2,115	2,131	1,929	1,719	1,756	1,713	1,518	1,410	1,324	1,444	1,383	1,247	1,333
South Carolina	4,685	4,731	4,946	5,204	5,548	6,278	6,832	7,448	7,253	7,346	7,549	7,425	7,119	6,394	7,451	7,197	6,329	7,005
South Dakota	3,124	3,132	3,211	3,111	3,069	3,130	3,089	3,084	2,913	2,848	2,734	2,607	2,567	2,382	2,408	2,303	2,202	2,186
Tennessee	8,811	8,966	9,173	9,762	10,568	12,144	13,396	13,668	12,943	12,769	12,673	12,431	11,889	10,413	12,425	11,897	10,375	11,162
Texas	41,010	45,098	46,624	46,838	48,199	52,137	55,512	56,962	52,912	53,802	52,787	51,825	50,987	46,353	52,255	51,032	45,753	55,836
Utah	5,362	5,614	5,486	5,409	5,200	5,293	5,422	5,407	5,175	5,017	4,809	4,582	4,488	3,980	4,390	4,201	3,917	4,013
Vermont	2,280	2,235	2,166	2,091	2,067	1,996	1,987	1,871	1,785	1,702	1,596	1,554	1,445	1,261	1,271	1,183	1,124	1,012
Virginia	13,611	14,040	13,929	13,940	14,130	14,924	15,606	15,668	15,006	15,080	14,950	14,534	14,022	12,484	14,312	13,458	12,915	12,998
Washington	9,540	10,006	10,010	9,980	9,281	9,106	9,180	9,023	8,548	8,114	7,904	7,754	7,584	6,696	7,666	7,242	6,999	7,264
West Virginia	3,146	2,961	2,855	2,816	2,745	2,778	2,859	2,730	2,357	2,296	2,182	2,065	1,944	1,717	1,893	1,732	1,581	1,627
Wisconsin	12,315	12,736	12,714	12,525	12,427	11,989	11,861	11,420	10,735	10,500	10,021	9,454	8,875	8,089	8,449	7,855	7,377	7,372
Wyoming	1,742	1,883	1,882	1,742	1,707	1,656	1,677	1,578	1,394	1,384	1,251	1,118	1,127	1,016	1,056	995	881	833
Wisconsin	12,315	12,736	12,714	12,525	12,427	11,989	11,861	11,420	10,735	10,500	10,021	9,454	8,875	8,089	8,449	7,855	7,377	7,372
Wyoming	1,742	1,883	1,882	1,742	1,707	1,656	1,677	1,578	1,394	1,384	1,251	1,118	1,127	1,016	1,056	995	881	833
United States	657,333	678,265	683,861	691,289	702,897	730,161	752,212	747,436	693,325	688,728	670,887	639,742	599,018	539,456	589,313	564,700	517,983	547,465

Source: U.S. Census Bureau Nonemployer Statistics

Endnotes

1 Figure 5 in Part 2 of the *Child Care in State Economies* (2024) series provides a detailed economic profile of the U.S. child care sector for 2022 and earlier years. Figure 7 in Part 2 provides a similar economic profile of the sector for each state in 2022.

2 Compensation is the sum of wage and salary accruals and supplements to wages and salaries. Supplements to wages and salaries consist of employer contributions for employee pension and insurance funds and employer contributions for government social insurance.

3 Bureau of Economic Analysis defines gross operating surplus to include consumption of fixed capital (CFC), proprietors' income, corporate profits, and business current transfer payments.

4 The exact amount is unknown and must be estimated. BEA does not disclose the amount of corporate profit by detailed industry sector.

5 Purchases by the child care sector in 2022 are estimated using ratios of total output from the BEA's national input-output use table with a 2017 base year. Estimates of total output and compensation in 2022 are detailed in Figure 5 of part 2 of this report series. Taxes are determined using the 2022 ratio of taxes to total output. Gross operating surplus is calculated as the residual from the remaining components.

6 The share of industry output devoted to taxes on production and imports, less subsidies is derived from the 2010 U.S. input-output table produced by BEA.

7 The total tax contributions of the child care sector in 2020 and 2021 were likely highly negative as a result of significant subsidies provided to the industry in the period. A sharp reduction in net tax payments occurred in most industry sectors in 2020 and 2021.

8 State-level multipliers are typically estimated by adjusting, or regionalizing, national purchasing patterns for a given industry sector such that they better reflect the actual economic flows within each state. Most multipliers are derived from the same input-output tables of the U.S. economy used in Figure 1 to map the various spending flows between firms, households, and governments. State-level input-output multipliers are rarely derived from surveys of actual purchase behavior. This process is cost prohibitive. Instead, survey data of purchases by the child care industry at the national level is adjusted using information that reflects the unique structure of the region in question.

9 The child care industry is defined as NAICS sector 6244.

10 The expected indirect effect is summarized using a Type I multiplier, which is calculated as [(direct effect + indirect effect) / direct effect].

11 The estimated share of purchases made within the state is referred to as the regional purchase coefficient (RPC). For the child care industry, RPCs are usually quite high, generally at least 85% of purchases and often nearly 100% of the purchases of a child care establishment. The share of purchases made from outside the region are equal to 1-RPC. The more purchases made in-state the larger the estimated multiplier. The RIMS II multipliers used in this report are regionalized using location quotients. LQs show the share of activity within an industry at the local level relative to the activity at the national level. An LQ of 1 suggests that the industry presence in the local region is the same as the national level. An LQ less (greater) than one suggests that the industry share in the local region is smaller (larger) than the national share. Other input-output models use varying approaches to regionalizing multipliers at the state level. IMPLAN uses either a trade-flow model or an econometric estimation.

12 The expected induced effect is summarized using a Type II multiplier which is calculated as [(direct effect + indirect effect + induced effect) / direct effect].

13 The national effect is estimated by summing the individual state effects but can also be estimated directly using national multipliers. A slightly different outcome would result by using multipliers derived specifically at the national level. National multipliers are generally slightly larger than the sum of state multipliers because each state multipliers is reduced for leakages outside the state. National multipliers are only adjusted for leakages outside the nation.

14 Caution must be exercised when using input-output multipliers to estimate the total economic activity 'supported' by an existing industry or firm. Input-output multipliers are designed to predict the gross effects resulting from only a small, incremental change in the current state of a regional economy. More specifically, the estimates provided for the child care industry reflect input-output model predictions of the incremental impact that would result if the $68.5 billion in industry revenue in the existing child care industry was introduced to the respective state economies producing the revenue. The realized impact is determined by the overall adjustment process that would take place in each state as child care industry activity expands. These estimates also do not provide a net measure of economic impact. For an accessible discussion of how multiplier-based estimates of spillover effects are frequently misused and often overstate resulting spillover effects, see: Hughes, David W. 2003. "Policy Uses of Economic Multiplier and Impact Analysis." Choices. 2nd Quarter. Available online at: http://www.choicesmagazine.org/2003-2/2003-2-06.htm. For additional discussion of the variation in multipliers across regions, see: Olfert, M.R. and J. C. Stabler (1994), "Community Level Multipliers for Rural Development Initiatives." Growth and Change, 25: 467–486.

15 Some prepared tables on part-time labor force participation are available online at: https://www.bls.gov/web/empsit/cpseea25.htm

16 The average female share is 91.4% since March 2020 at the onset of the pandemic. The long-run average share since 1998 is 94.0%.

17 Child and Adolescent Health Measurement Initiative. 2021-2022 National Survey of Children's Health (NSCH) data query. Data Resource Center for Child and Adolescent Health supported by the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), Maternal and Child Health Bureau (MCHB). Retrieved [08-17-2024] from www.childhealthdata.org. Multiple yearly surveys accessed. 2022 NSCH Survey: U.S. data is available at: https://www.childhealthdata.org/browse/survey/results?q=10238&r=1 while state data is available at: https://www.childhealthdata.org/browse/survey/allstates?q=10238

18 Labor force participation has long been viewed as a potential source of added economic growth (Aaronson et al. 2014). More efficient employment of existing labor resources directly increases the potential output of a region. This view was substantiated by the long-run influx of women into the U.S. labor force during much of the Post-World War II period. Common efforts to increase labor force participation rates include subsidized job training following mass layoffs, high-school completion programs, targeted employment tax credits, and expanded child care availability. See: Aaronson, Stephanie, Tomaz Cajner, Bruce Fallick, Felix Galbis-Reig, Christopher Smith, and William Wascher. "Labor Force Participation: Recent Developments and Future Prospects." Fall 2014. Brookings Papers on Economic Activity.

19 A thorough review of the literature and empirical analysis of labor market factors and their effect on poverty rates is found in: Hoynes, Hilary W., Marianne E. Page, and Ann Huff Stevens. "Poverty in America: Trends and Explanations." Journal of Economic Perspectives, Volume 20, Number 1. Winter 2006. pp. 47-68. Available online at: http://poverty.ucdavis.edu/sites/main/files/file-attachments/stevens_2006jep.pdf

20 See: "A profile of the working poor, 2022." Bureau of Labor Statistics. August 2024. Available online at: https://www.bls.gov/opub/reports/working-poor/2022/

21 Income is adjusted for cost-of-living to avoid potential distortions in those states with an unusually high or low cost-of-living. The same strong relationship is found when using both nominal median household income and per capita personal income.

22 The exact process by which education raises income levels remains an area of intense academic debate, with several conduits proposed. Suggested channels include the positive effects higher levels of education exert on worker productivity (Delong et al. 2003); entrepreneurial activity and creativity (Glaeser and Saiz, 2004); ability to innovate new ideas and processes or adopt them elsewhere (Benhabib and Speigel, 1994; Barro, 1997); and degree of worker adaptability to transfer skills and knowledge across industries (Bauer et al. 2006). Regardless of the precise source, the historical link from education to income remains strong in theory and empirically (Yamarik 2010). See: Delong J. B., Goldin C, Katz L. F. 2003. "Sustaining U.S. economic growth." In: Aaron H (ed) Agenda for the nation. The Brookings Institution, Washington, pp 17–60; Glaeser, E. and A. Saiz. 2004. "The Rise of the Skilled City," Brookings-Wharton Papers on Urban Affairs; Benhabib, Jess and Mark M. Spiegel "The role of human capital in economic development Evidence from aggregate cross-country data." Journal of Monetary Economics 34 (1994) 143-173; Barro, R. 1997. Macroeconomics. Cambridge, MA: MIT Press; Bauer, Paul W., Mark E. Schweitzer, and Scott Shane. 2006. "State Growth Empirics: The Long-Run Determinants of State Income Growth." Federal Reserve Bank of Cleveland Working Paper 06-06; and Yamarik, Steven. 2010. "Human capital and state-level economic growth: what is the contribution of schooling?" The Annals of Regional Science. August 2011, Volume 47, Issue 1, pp 195-211. Granger, C. and P. Newbold. 1974. "Spurious Regressions in Econometrics." Journal of Econometrics 2 (2): 111–120.

23 We follow the widely adopted approach used by United Nations Educational, Scientific, and Cultural Organization (UNESCO) in forming comparative measures of education across countries. See: UNESCO Institute for Statistics. 2013. "UIS Methodology for Estimation of Mean Years of Schooling. This methodology is derived from the pioneering work of Barro and Lee (2010) on comparative measures of educational attainment at the international level. See: Barro, Robert and Jong-Wha Lee, April 2010, "A New Data Set of Educational Attainment in the World, 1950-2010." Journal of Development Economics, volume 104, pp. 184-198. The result is a standardized measure of overall attainment that adjust a region's various education levels to a common unit (average number of years) yet allows for comparison across the various education categories to reflect the unique education pattern within a state or region. It adopts equally well to comparing individual states as well as smaller regions such as cities, counties, and metropolitan areas.

24 See survey data in Figure 8 from the February 2022 CED report: *The Economic Role of Paid Child Care in the U.S. A Report Series — Part 1*. Available online at: https://education.ced.org/paidchildcare

25 Economic theory suggests that higher utilization and more efficient employment of existing labor resources directly increases the potential output of a region. See: Aaronson, Stephanie, Tomaz Cajner, Bruce Fallick, Felix Galbis-Reig, Christopher Smith, and William Wascher. "Labor Force Participation: Recent Developments and Future Prospects." Fall 2014. Brookings Papers on Economic Activity.

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